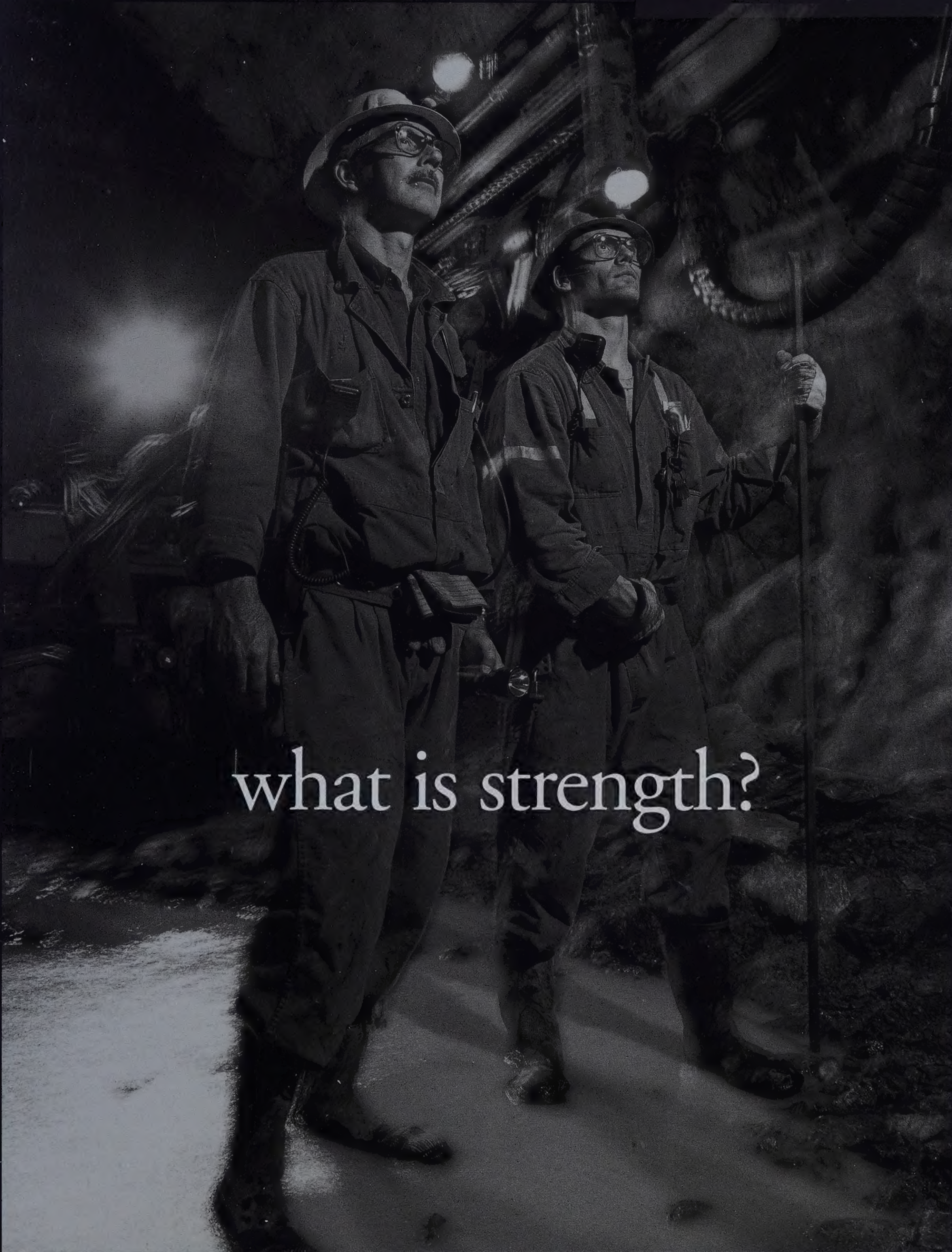
FALCONBRIDGE LIMITED



ANNUAL REPORT 2000

What's inside

1 Strength is performance – a photo essay

8 Overview and highlights

10 An interview with our President

13 Mineral reserves and resources

14 Management's discussion and analysis

33 Financial statements

39 Notes to the financial statements

50 10-year review

52 Consolidated results by quarters

54 Corporate governance and Board of Directors

55 Corporate directory

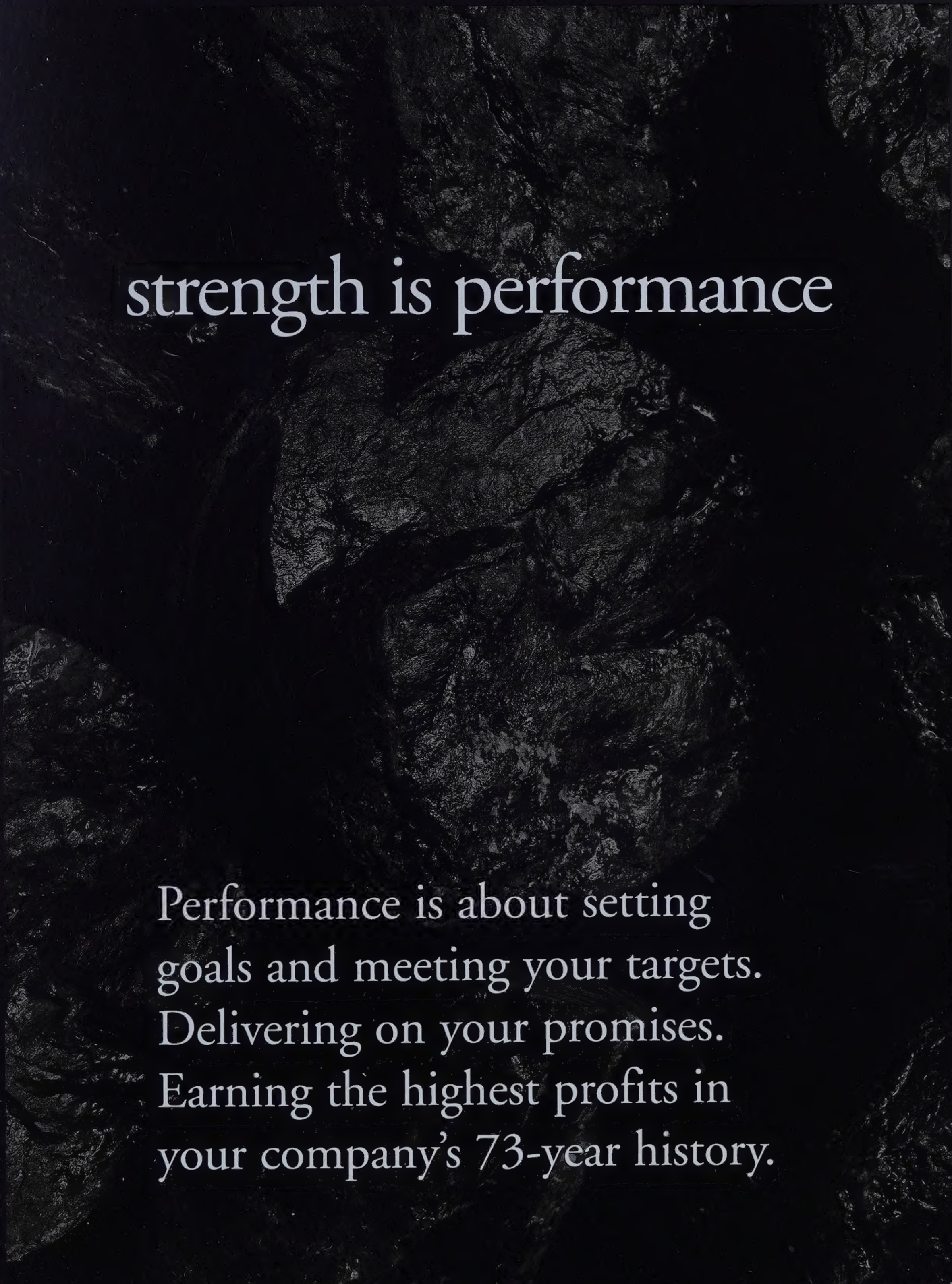
IBC Shareholder information

Corporate Profile

Falconbridge is a leading low-cost producer of nickel, copper, cobalt and platinum group metals. We are also one of the world's largest recyclers and processors of metal-bearing materials.

Falconbridge is committed to improving shareholder returns through the responsible and profitable growth of our core nickel and copper businesses. We will accomplish this by focusing on high quality and long-life ore bodies, by optimizing production from our current assets, and by preparing to take advantage of market opportunities when they present themselves. We target a minimum return of 15%, after tax, on new projects.

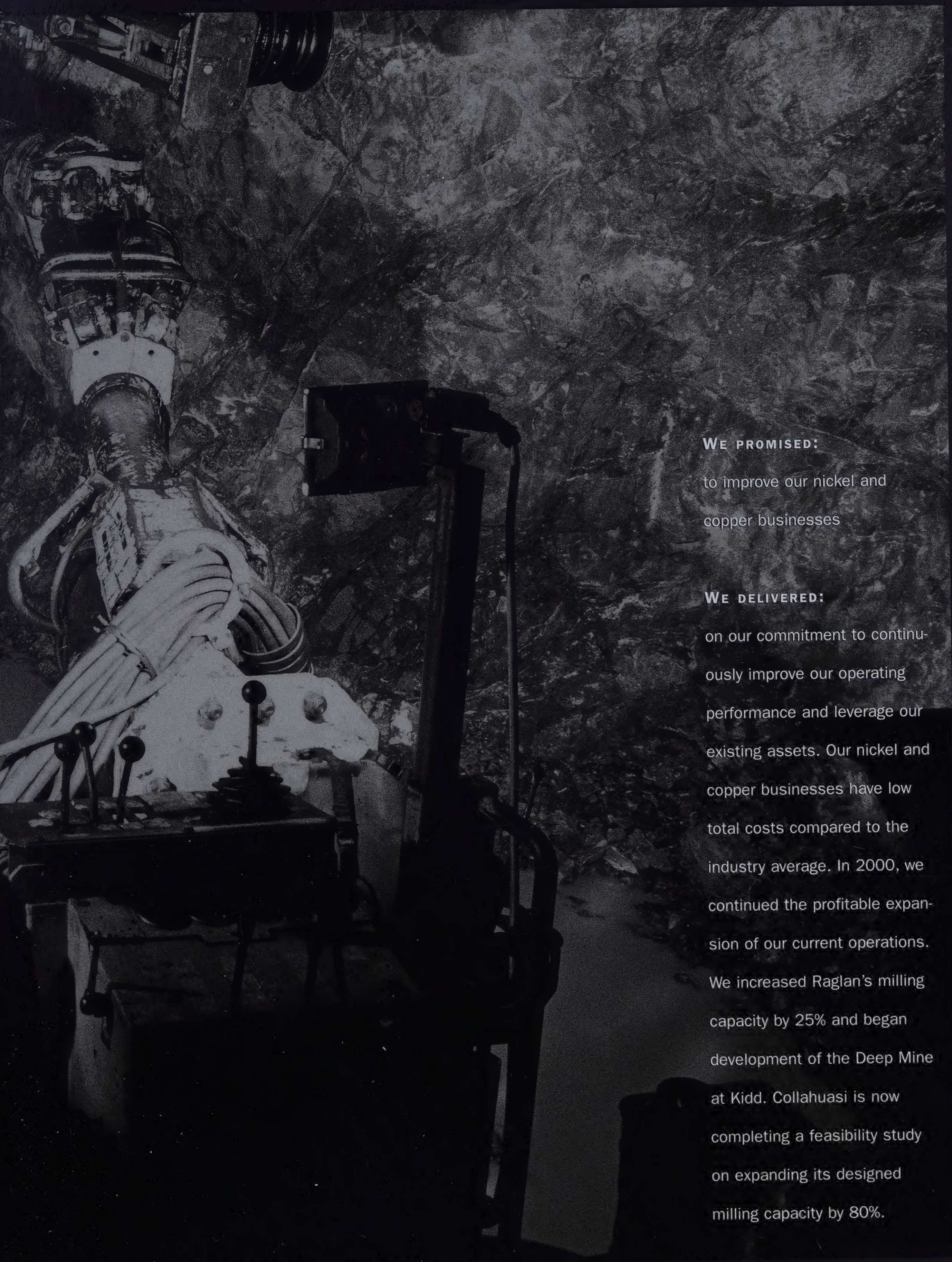
Falconbridge entered the mining business in 1928 and today employs 6,200 people in 15 countries. Our common shares are listed on the Toronto Stock Exchange under the symbol FL. As of December 31, 2000, Falconbridge was owned by Noranda Inc. of Toronto (54.9%) and by other investors (45.1%).



strength is performance

Performance is about setting goals and meeting your targets. Delivering on your promises. Earning the highest profits in your company's 73-year history.


strength is consistent performance



We promised:

to improve our nickel and copper businesses

We delivered:

on our commitment to continuously improve our operating performance and leverage our existing assets. Our nickel and copper businesses have low total costs compared to the industry average. In 2000, we continued the profitable expansion of our current operations. We increased Raglan's milling capacity by 25% and began development of the Deep Mine at Kidd. Collahuasi is now completing a feasibility study on expanding its designed milling capacity by 80%.

strength is financial performance

We promised:

to enhance shareholder value and earn better than a 12% return on equity.

We delivered:

record earnings and almost doubled our cash flow from operations. We recorded a 17% return on equity and a 14% pre-tax return on net assets, while our net debt to net debt plus equity ratio improved to 34%. With our new projects and improved cost structure, we now believe the Corporation can earn a 12% return at our long-term metal prices. Our goal is to continue to improve that return.

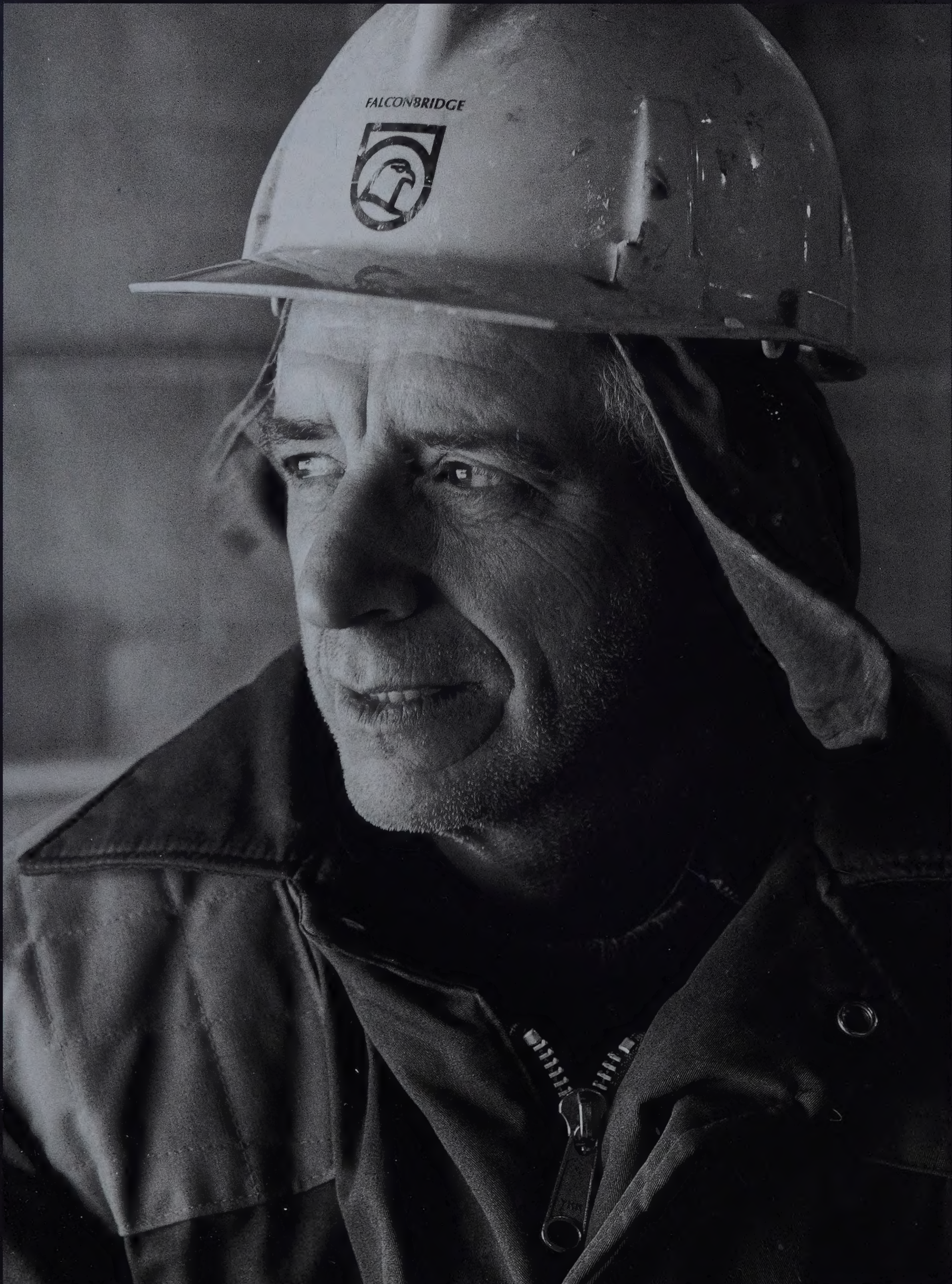
strength is industry performance

We promised:

to profitably grow our nickel and copper businesses.

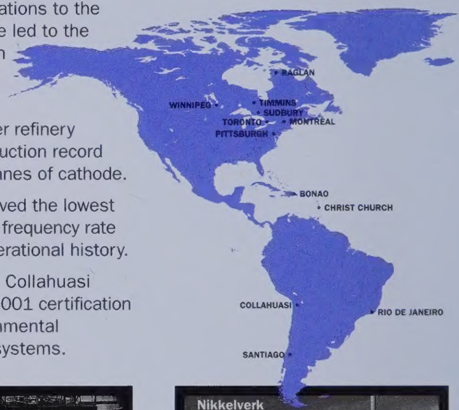
We delivered:

a pre-tax return of 19% on net assets at our new Raglan and Collahuasi growth projects. Going forward, we will continue to capitalize on our strengths – in project development, technology, and business and community partnerships – as well as maintain our focus on high quality and long-life orebodies. We are now involved in three of the top five nickel-laterite projects in the world in New Caledonia, Indonesia and the Côte d'Ivoire.

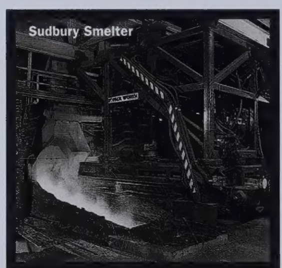

FALCONBRIDGE

OPERATIONAL HIGHLIGHTS

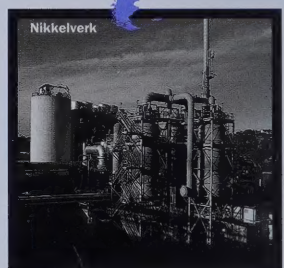
- Collahuasi had another outstanding year, surpassing planned milling rates and production targets at both the concentrate and cathode plants.
- Raglan successfully expanded its milling capacity to 1 million tonnes of ore per year and is expected to produce 24,000 tonnes of nickel in 2001.
- Development of the Deep Mine at Kidd was approved. The mine will be extended from a depth of 6,800 to 10,000 feet, giving access to an additional 10.3 million tonnes of mineral reserves and 14.1 million tonnes of mineral resources.
- Tentative agreement reached with BHP on the formation of a joint venture related to the Gag Island nickel laterite project in Indonesia.
- Evaluation work at the Koniambo project in New Caledonia has identified inferred mineral resources of 151 million tonnes grading 2.58% nickel, leading to the potential development of a 60,000 tonne per year nickel in ferronickel plant.
- Sudbury continued to improve its competitive position and reduce administration costs by completing the rationalization of the division into two separate business units – the Mines/Mill and the Smelter. In July, modifications to the smelter furnace led to the best production month in its entire history.
- The Kidd copper refinery set a new production record of 123,000 tonnes of cathode.
- Falcondo achieved the lowest lost-time injury frequency rate in its entire operational history.
- Nikkelverk and Collahuasi received ISO14001 certification of their environmental management systems.




Sudbury Mines/Mill


Sudbury Smelter


Raglan


Nikkelverk

FINANCIAL HIGHLIGHTS

MILLIONS EXCEPT PER SHARE DATA	2000	1999
OPERATING HIGHLIGHTS		
Revenues	**$ 2,615**	$ 2,173
Operating income	**523**	257
Earnings	**368**	153
Cash provided by operating activities	**657**	349
Capital expenditures and deferred project costs	**250**	170
FINANCIAL POSITION AT DECEMBER 31ST		
Cash and cash equivalents	**250**	101
Working capital	**640**	527
Total assets	**4,810**	4,737
Long-term debt	**1,462**	1,575
Shareholders' equity	**2,347**	2,395
– ratio of net debt to net debt plus equity	**34%**	38%
PER COMMON SHARE		
Earnings	**$ 2.01**	$ 0.80
Cash provided by operating activities	**3.65**	1.91
Book value	**12.14**	12.41
Shares outstanding	**177.0**	177.0

STRONG FINANCIAL PERFORMANCE IN 2000

	2000	1994 – 2000 Avg
Return on equity	**17%**	9%
Net debt to net debt + equity (year-end)	**34%**	25%
Pre-tax return on net assets	**14%**	16%

Overview of Operations

Integrated Nickel Operations

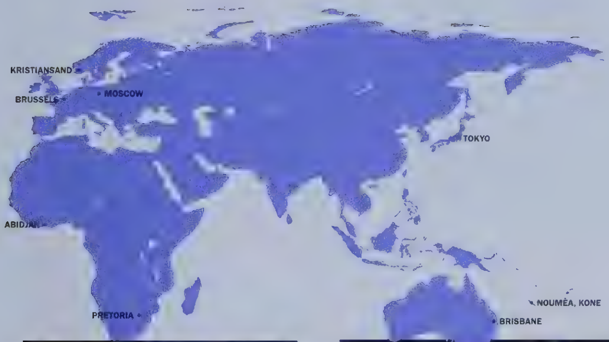
Sudbury: Mines and mills nickel-copper ores from four mines (Craig, Fraser, Lindsley and Lockerby). Smelts nickel-copper concentrate from Sudbury's mines and from Raglan, and processes custom feed materials. Sudbury, Ontario.

Raglan: Mines and mills nickel-copper ores from open pits and an underground mine. Nunavik territory, northern Quebec.

Nikkelverk: Refines nickel,copper, cobalt, precious and platinum group metals from Sudbury, Raglan, and from custom feeds. Kristiansand, Norway.

Custom Feed: Acquires custom feeds for processing in Sudbury and Nikkelverk. Brussels, Belgium; Pittsburgh, Pennsylvania; Christ Church, Barbados.

Marketing and Sales: Markets and sells nickel, cobalt and other Falconbridge products worldwide. Brussels, Belgium; Pittsburgh, Pennsylvania; Tokyo, Japan.



Kidd Creek Operations

Kidd Mining Division: Mines copper-zinc ores from the Kidd Mine. Timmins, Ontario

Kidd Metallurgical Division: Mills, smelts and refines copper-zinc ores from the Kidd Mine and processes copper and zinc concentrates from other sources. Timmins, Ontario.

Falcondo

Falconbridge Dominicana, C. por A. (85.26%): Mines, mills, smelts and refines its own nickel laterite ores. Bonao, Dominican Republic.

Collahuasi

Compañia Minera Doña Inés de Collahuasi S.C.M (44%): Mines and mills copper sulphide ores into concentrate; mines and leaches copper oxide ores to produce cathodes. Santiago, Iquique and northern Chile.

Corporate

Corporate Office: Toronto, Ontario.

Exploration Offices: Winnipeg, Manitoba; Sudbury, Timmins and Toronto, Ontario; Montréal, Quebec; Pretoria, South Africa; Rio de Janeiro, Brazil; Moscow, Russia; Brisbane, Australia; Abidjan, Côte d'Ivoire.

Project Offices: Kone & Nouméa, New Caledonia; Brisbane, Australia.

Business Development: Searches worldwide for attractive investment opportunities to support Falconbridge's business plans. Toronto, Ontario.

Technology: Research, development and engineering is conducted in Kristiansand, Norway; Bonao, Dominican Republic; Sudbury and Timmins, Ontario.

Major Nickel and Copper Producer

	Nickel	Copper
Global standing	3rd	11th
World production	8%	2%
Western world production	11%	3%

an interview with Øyvind Hushovd

THIS YEAR'S REPORT FOCUSES ON PERFORMANCE. HOW WOULD YOU CHARACTERIZE FALCONBRIDGE'S PERFORMANCE IN 2000?

From an earnings standpoint we had an excellent year. Our earnings grew to $368 million, the highest in our company's history, and our cash flow from operations almost doubled to $657 million. Our new operations, Raglan and Collahuasi, exceeded their production targets. With the higher metal prices and our expanded mining capacity, we achieved a 17% return on equity. We also signed an agreement with BHP on Gag Island, meaning we're now involved in three of the top five nickel laterite projects in the world.

DOES THE SAME ENTHUSIASM APPLY TO LABOUR RELATIONS AT FALCONBRIDGE? YOU'VE BEEN IN THE HEADLINES OVER THE LENGTHY STRIKE AT SUDBURY. HAS THE SITUATION THERE BEEN A DISAPPOINTMENT?

It was disappointing that the union for our Sudbury production and maintenance employees decided to take strike action.

Our Sudbury Operations are facing some critical economic issues. The mineral reserves are declining and we need to significantly improve operating costs and efficiencies in order to justify the development of lower grade resources. In this set of negotiations, we proposed changes to the Collective Agreement that would eliminate inefficient practices and spending which was of little value to the business. Change is never easy but it would be irresponsible of us not to address the long-term viability of the Sudbury Operations. The offer that was finally ratified helps address these needs. It also improves upon the total compensation package and protects employee seniority rights.

OUR GOALS FOR 2000

Complete feasibility studies on Onaping Depth and Kidd Deep projects

Achieve long-term efficiency and cost objectives set by each operation

Move to the pre-feasibility stage at Koniambo by late 2000

Increase Raglan's annual milling capacity from 800,000 tonnes to one million tonnes of ore

Continue to focus on nickel and copper while seeking new business opportunities

I think it is important to remind people that we successfully negotiated other collective agreements this past year. We signed new agreements with our unions at Raglan in Quebec, at Collahuasi in Chile, at Falcondo in the Dominican Republic, and with several unions at the Nikkelverk refinery in Norway. And, we've just negotiated a new Collective Agreement with our Office, Clerical and Technical employees in Sudbury, who are represented by the United Steelworkers of America. In the last 10 years we have negotiated 34 agreements without a strike. Four others resulted in strikes – three of which occurred in four sets of negotiations with the Canadian Autoworkers (CAW).

Another disappointment must be the performance of your stock price. What two or three reasons would you give investors to buy stock in Falconbridge today?

Yes, mining stocks are out of favour, and with the lengthy strike and Noranda's increased ownership, our share price has not performed well.

To your question, I would respond by saying that Falconbridge has a strong track record of making money for its investors. In 2000, our earnings increased two and a half times and our cash flow almost doubled compared to 1999 levels. Since our IPO in 1994, our pre-tax return on net assets has consistently been among the highest in our business and has averaged 16% during this period. It was 14% in 2000. Our new projects delivered a pre-tax return of 19%, which is consistent with our strategy of profitable growth.

Going forward, we have low total costs for both our nickel and copper businesses compared to the industry average and we intend to lower these even further.

The demand for our core metals – nickel and copper – is growing faster than for other metals and with limited supply coming on-stream, we believe these fundamentals will be strong for the foreseeable future.

Finally, we've got excellent expansion potential at our operations and we now have three first-class nickel laterite resources in our portfolio – Koniambo, Gag Island and Côte d'Ivoire. With our experience in laterite mining and smelting in the Dominican Republic, our leaching operation in Norway and several years of pilot plant operations, we feel confident that we'll be well prepared for these new nickel projects. Our success in developing strong partnerships with other companies and with local communities will also be important when we develop these projects.

What do you view as Falconbridge's key achievements this past year? And what difficulties did you face?

We moved a number of projects forward – for example the Deep Mine at Kidd and the Raglan milling expansion. Just before the strike, we made significant progress in solving the technical problems at the Sudbury smelter. And, we're in a position to move forward with feasibility studies on both the Koniambo project and the Collahuasi expansion. In terms of new business opportunities, we're now involved in the Gag Island laterite project and we also signed a letter of intent with Outokumpu on the Montcalm nickel-copper property.

Our Progress

Kidd Deep feasibility study completed and Board approval received in July. Onaping Depth decision delayed due to the strike.

Operating difficulties, labour issues and increasing energy costs hampered progress on efficiency and cost objectives.

Completed Koniambo engineering and scoping studies. Now entering pre-feasibility stage.

Expansion of Raglan's milling capacity achieved three months ahead of schedule.

Signed tentative agreement with BHP on Gag Island and signed letter of intent with Outokumpu on the Montcalm property.

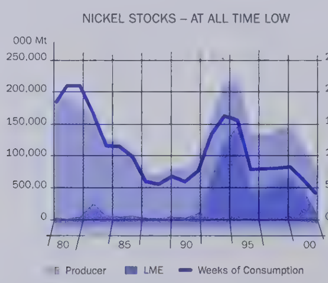
However, it was a difficult year on many fronts. The first thing I'd mention is our sadness at the death of four SMSP executives – our partners in the Koniambo project – in a helicopter crash last fall that took the lives of seven people in total, including one of our own employees. Going forward, we want to confirm our support and commitment to the project and to our joint venture partners.

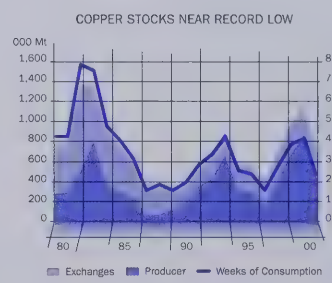
We've had a lengthy strike in Sudbury and operating difficulties at several of our sites this past year. This, combined with higher energy costs, meant we weren't able to achieve all of our long-term efficiency and cost objectives.

Global economic activity looks to have peaked in 2000. What is the outlook for your major metals?

We've had a slow start to the year for base metals. Industrial production and metal demand have slowed and prices have fallen across the board. The short-term outlook for nickel is weakening as economic growth slows.

But that could change quickly. Nickel inventories are at historically low levels. With limited additional production capacity, the key will be the demand side. Because we are going into this slowdown with the lowest level of inventories ever, we believe that once the turn around occurs, likely during the second half of 2001, we could see a much faster and stronger recovery than before. The copper market is still forecast to be in deficit in 2001. As in nickel, copper stocks are close to record lows. While the markets are weak near term, we believe the fundamentals for both nickel and copper are the strongest they've been in years.





A turnaround in nickel and copper has a big impact on our bottom line. A 50 cent increase in the price of nickel generates an additional $83 million in earnings and $110 million in cash flow. A 10 cent increase in the price of copper generates an additional $56 million in earnings for us and $83 million in cash flow.

Our Goals for 2001

- Achieve efficiency, production and cost objectives set by each operation
- Continue to seek new business opportunities in nickel and copper
- Maintain production levels at Kidd while developing the Deep Mine
- Move pre-feasibility study on Koniambo project forward
- Complete Onaping Depth feasibility study
- Complete feasibility study on expansion of Collahuasi's milling capacity
- Increase reserve base at Sudbury and Raglan

Summary of Mineral Reserves and Mineral Resources[1]

DECEMBER 31, 2000

OPERATION	PERCENTAGE OWNERSHIP	CATEGORY	THOUSAND TONNES	% NICKEL	% COPPER	% ZINC	g/t SILVER
Mineral Reserves							
Sudbury	100%	Proven	10,178	1.61	1.30	–	–
		Probable	10,009	1.37	1.37	–	–
		Total	20,187	1.49	1.34	–	–
Raglan	100%	Proven	6,565	2.94	0.77	–	–
		Probable	12,937	2.81	0.79	–	–
		Total	19,502	2.85	0.78	–	–
Kidd Creek	100%	Proven	16,971	–	2.27	5.62	70
		Probable	10,285	–	2.25	6.98	54
		Total	27,256	–	2.26	6.13	64
Falcondo[2]	85.26%	Proven	53,375	1.20	–	–	–
		Probable	11,703	0.97	–	–	–
		Total	65,078	1.16	–	–	–
Collahuasi[2]	44%	Proven	91,871	–	1.52	–	–
		Probable	1,760,021	–	0.78	–	–
		Total	1,851,892	–	0.82	–	–
Mineral Resources (in addition to Mineral Reserves)							
Sudbury	100%	Measured	93	2.35	0.74	–	–
		Indicated	16,180	2.47	1.22	–	–
		Total	16,273	2.47	1.22	–	–
		Inferred	15,600	1.75	2.04	–	–
Raglan	100%	Measured	–	–	–	–	–
		Indicated	2,737	1.86	0.69	–	–
		Total	2,737	1.86	0.69	–	–
		Inferred	3,000	2.49	0.85	–	–
Kidd Creek	100%	Measured	51	–	2.02	7.57	49
		Indicated	348	–	2.06	6.69	30
		Total	399	–	2.05	6.80	32
		Inferred	14,150	–	3.35	4.90	91
Falcondo[2]	85.26%	Measured	–	–	–	–	–
		Indicated	13,840	1.53	–	–	–
		Total	13,840	1.53	–	–	–
		Inferred	6,400	1.44	–	–	–
Collahuasi[2]	44%	Measured	40,471	–	0.42	–	–
		Indicated	163,139	–	0.79	–	–
		Total	203,610	–	0.72	–	–
		Inferred	1,383,000	–	0.72	–	–

Key assumptions for mineral reserve estimates can be found on page 20 of this report.

NOTES:

1 The mineral reserve and resource estimates are prepared in accordance with the "CIM Standards On Mineral Resources and Mineral Reserves, Definitions And Guidelines", adopted by CIM Council on August 20, 2000, using classical and/or geostatistical methods, plus economic and mining parameters appropriate to each project.

2 The mineral reserves and resources at Collahuasi and Falcondo are shown on a 100% basis.

There are no known environmental, permitting, legal, taxation, political or other relevant issue that would materially affect the estimates of the mineral reserves.

The mineral resources have reasonable prospects for economic extraction but have not yet had complete formal evaluation, or do not have demonstrated economic viability under current conditions.

The mineral reserve and mineral resource estimates are compiled and verified by Chester Moore, Manager, Ore Reserves and Project Evaluation, a member of the Professional Engineers of Ontario with 28 years experience as a geologist.

The mineral reserves and resources at Collahuasi are estimated and classified to industry standards following the Australasian Institute of Mining and Metallurgy's Joint Ore Reserve Committee code. These estimates have been restated to conform to the latest CIM mineral reserve and resource definitions. The estimates are inspected annually by Chester Moore.

overview

In 2000, as a result of higher metal prices and improved operating efficiencies, Falconbridge achieved a 17% return on common shareholders' equity. Based on our track record and our future plans, we are confident that we will continue to deliver above average returns to our shareholders.

Falconbridge's objective going forward is to enhance shareholder value through improved return on common shareholders' equity. The Corporation's target is to earn a return on common shareholders' equity of better than 12% over the business cycle and a minimum return of 15%, after tax, on new projects. To achieve these goals, Falconbridge will continuously improve operating efficiencies to reduce costs, obtain maximum returns on existing assets, be opportunistic in businesses compatible with its core competencies, and obtain, develop and mine high quality ore reserves. In 2000, as a result of higher metal prices and improved operating efficiencies the Corporation achieved a 17% return on common shareholders' equity compared with 6% in 1999.

In addition to increased profitability, Falconbridge's stated objective is to maintain a strong balance sheet throughout the business cycle, with a targeted net debt to net debt plus equity ratio of between 25% and 35%. By maintaining a sound financial structure, the Corporation possesses the ability to invest in essential capital expenditure programs in times of weak metal prices and the flexibility to capitalize on growth opportunities as they arise. In 2000, the Corporation's balance sheet improved as the ratio of net debt to net debt plus equity was reduced to 34% from 38%, working capital grew 21% and cash resources rose to $250.4 million.

In recent years Falconbridge has invested substantially in its new projects at Raglan and Collahuasi. These new projects have doubled the producing assets and resulted in higher depreciation and amortization charges as well as higher leverage as part of the expansion was financed by bank borrowings. However, these projects have added significantly to Falconbridge's earnings and cash flow and have improved the profitability on both equity as well as on net assets. In these projects Falconbridge has net assets of $2.0 billion. The return on these projects was 19% pre-tax in 2000.

Falconbridge's return on capital, measured as return on net assets, excluding assets being developed, was 14% in 2000 compared with 10% in 1999 and 19% for the last fifteen years.

The following discussion provides a review of the financial performance and position of Falconbridge for the years ended December 31, 2000 and 1999. This discussion should be read in conjunction with the Corporation's audited financial statements and notes to those statements. All amounts are expressed in Canadian dollars, except where indicated. In addition, this discussion contains certain forward-looking statements regarding Falconbridge's businesses and operations. Actual results may differ materially from those contemplated by these statements depending on, among others, such key factors as supply and demand for metals to be produced, production levels, exchange rates and metals prices.

Gertjan Bekkers uses a global positioning system (GPS)
to plan the drilling program at Raglan.

Results of Operations

Revenues for the year ended December 31, 2000 increased by $441.1 million or 20% to $2,614.6 million primarily due to higher precious metals revenues and improvements in metal prices.

Operating income of $523.4 million in 2000 improved by $266.2 million from operating income of $257.2 million in 1999. This increase in operating performance was due primarily to the following:

- Costs of metal and other product sales as a percentage of revenues improved to 61% from 68% in 1999 due to the impact on revenues of the increase in metal prices and precious metals revenues in 2000. These costs in 2000 include cost increases relating to energy prices of $62.9 million.
- Selling, general and administrative costs as a percentage of revenues remained at 5% of revenues in 2000.
- Depreciation and amortization costs of $290.8 million were 11% of revenues compared to $293.1 million or 13% in 1999. The decrease of $2.3 million was due to lower charges resulting from the strike at Sudbury Operations which more than offset increases at Raglan and Collahuasi.
- Exploration, research and process development expenditures totaling $73.8 million were $24.7 million higher than in 1999.

FALCONBRIDGE – A TOP PERFORMER

GROSS OPERATING MARGIN – NICKEL AND COPPER

	1998	1999	2000
Falconbridge nickel operations	**2%**	**13%**	**26%***
Nickel industry average	–14%	8%	30%
Falconbridge copper operations	**10%**	**21%**	**23%**
Copper industry average	16%	7%	13%

*Impacted by strike in Sudbury.

Interest expense in 2000 was $124.3 million, an increase of $7.5 million due to higher interest rates and changes in the U.S./Canadian dollar exchange rate.

Interest and other income of $29.8 million in 2000 decreased by $17.5 million in the year due to the reduction in income earned on futures and forward metal positions which was partially offset by increases in interest income.

Income and mining taxes of $52.6 million were $21.1 million higher than in 1999. Further details concerning income taxes can be found in note 7, page 42 of this annual report.

Non-controlling interest in subsidiaries increased by $4.9 million to $8.0 million due to the increase in earnings at Falcondo.

As a result of the above factors, consolidated earnings for the year rose to $368.3 million or $2.01 per common share, the highest in the Corporation's history, from $153.1 million or $0.80 per common share in 1999.

Earnings were also affected by a number of unusual charges. A strike at the Sudbury Operations reduced earnings in 2000 by $54.8 million or $0.31 per common share, not including the impact of lower sales volumes. The 2000 results also include a tax benefit of $36.5 million or $0.21 per common share relating to the revaluation of the future tax liability due to the reduction in future tax rates in Ontario. The strike at Kidd Metallurgical Division reduced earnings in 1999 by $7.5 million or $0.04 per common share and restructuring charges related to the ongoing reorganization of the Sudbury Operations resulted in an $8.1 million or $0.05 per common share negative impact in 1999.

The following table summarizes the results of operations for 2000 and 1999, including contributions from the reportable segments:

	YEAR ENDED DECEMBER 31, 2000	1999
Principal operations		
Integrated Nickel Operations (INO)	**$ 302.7**	$ 130.0
Kidd Creek Operations	**34.9**	32.3
Corporate costs, net –		
Interest, net	**(32.1)**	(38.1)
Other	**(109.2)**	(47.4)
Income and mining taxes	**31.6**	6.5
Principal operations contribution	**227.9**	83.3
Falconbridge Dominicana, C. por A.	**46.2**	17.8
Collahuasi	**94.2**	52.0
EARNINGS FOR THE YEAR	**368.3**	153.1
Dividends on preferred shares	**11.8**	11.6
Earnings attributable to common shares	**$ 356.5**	$ 141.5

Raglan concentrate is trucked to Deception Bay
for shipment to the smelter in Sudbury.

Integrated Nickel Operations (INO)

The INO includes the operations of the Corporation and all of its wholly-owned subsidiaries engaged in the integrated operations of mining, milling, smelting, refining and marketing of metals mainly derived from Sudbury and Raglan nickel/copper ores and its custom feed business.

	2000	1999
Sales (TONNES):		
Nickel	**61,900**	75,000
Copper	**43,500**	66,500
Cobalt	**2,600**	3,500
Revenues ($ MILLIONS)	**1,218**	1,116
Operating Cash Cost* (U.S.$ per pound of nickel):		
Sudbury**	**1.33**	1.59
Raglan	**1.16**	1.51
Operating Contribution ($ MILLIONS)	**303**	130

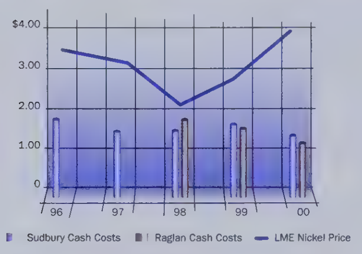
* Operating cash cost includes all cash production and selling costs, net of by-product credits, but excludes interest, corporate, and exploration costs. Continuing costs incurred during shutdowns or strikes are excluded.

** For the 6 months ended June 30, 2000 (pre strike).

On August 1, 2000 the collective agreement with the production and maintenance workers at Sudbury Operations expired and the workers remained on strike until February 20, 2001. During this period the mining operations continued to operate with staff employees at about 20% of normal production rates. Smelting operations were maintained at 50% to 60% of pre-strike rates working on inventories and on production from the Sudbury and Raglan mines. Operating the mines, mill and smelter during the strike showed that very real and significant efficiency and productivity improvements are possible. Refinery operations saw a corresponding decline in their output. The direct costs of the strike in 2000 were estimated at $82.5 million pre-tax, not including lost revenue in the period.

Revenues: Sales of INO products declined in 2000 primarily as a result of reduced production from the Sudbury Operations caused by the strike. Realized nickel and copper prices in 2000 increased by 47% and 15% respectively, while cobalt prices decreased by 7%. In 2000, consolidated revenues for the INO rose to $1,217.7 million from $1,116.4 million in 1999.

INO CASH COSTS AND THE LME NICKEL PRICE (US$/POUND)



Costs: In the first six months of the year, the operating cash cost (after by-product credits) of producing a pound of nickel at the Sudbury mines, was U.S.$1.33 per pound. The U.S.$0.26, or 16%, decrease over 1999 costs was the result of lower unit production costs and higher by-product credits primarily from precious metals. Productivity, measured by the equivalent units of metals produced per hour worked, improved by 17% in the first six months of 2000.

The operating cash cost of producing a pound of nickel at the Raglan mine was U.S.$1.16 per pound. The U.S.$0.35, or 23%, decrease from 1999 costs reflects the impact of higher by-product credits and lower unit operating costs. Productivity, measured by the equivalent units of metals produced per hour worked, improved by 20% in 2000 due to the increase in mine output in the year.

Productivity decreased at the Nikkelverk refinery due to the lack of feed.

Income: The INO's 2000 income contribution was $302.7 million compared with $130.0 million for 1999. The $172.7 million increase was attributable to higher realized prices for nickel and copper and higher precious metals revenues which were offset by the impact of lower sales volumes and higher unit costs due to the strike in Sudbury. Also, custom feed revenues were lower than last year mainly due to the strike.

Production: Ore production at the Sudbury mines was 35% lower than 1999 due to the strike and the impact of a rockburst in the deep copper zone at Fraser mine. Annual production of copper and precious metals in the Fraser mine was lower because the zone was mined at a lower rate. Metal production in concentrate declined from 35,700 tonnes of nickel in 1999 to 23,200 tonnes in 2000. Smelter production during 2000 was adversely affected by furnace problems early in the year, which were resolved, and the strike. The strike also negatively impacted the volume of custom feed going through the smelter. Nickel production in matte declined from 55,800 tonnes in 1999 to 47,400 tonnes.

A conceptual study of Outokumpu's Montcalm property in northern Ontario was completed. A letter of intent was signed with Outokumpu which could lead to the Corporation acquiring a 50% interest in the mining property and allow for all mine production to be treated at Falconbridge facilities.

At Raglan, production of nickel in concentrate increased from 19,500 tonnes in 1999 to 23,100 tonnes in 2000. During the last half of 2000, Raglan met its objective of increasing the annual rate of milled tonnage from 800,000 tonnes to 1,000,000 tonnes of ore. The plan for 2001 is to maintain the one million tonnes per year operating rate while focusing on improving the efficiencies of the processes. Due to slightly lower ore grades, production of nickel in concentrate in 2001 is planned at 24,000 tonnes.

Production at the refinery in Kristiansand was lower in 2000 due to a shortage of feed from Sudbury.

The collective agreement with the production and maintenance workers in Sudbury expired August 1, 2000 and the workers were on strike until February 20, 2001, when the membership ratified the Corporation's latest offer. The Corporation recently concluded a collective agreement with its office, clerical and technical workers in Sudbury, who are represented by the United Steelworkers of America.

Integrated Nickel Operations

	2000			1999		
	ORE TONNES (X 1000)	Ni %	Cu %	ORE TONNES (X 1000)	Ni %	Cu %
Production						
Sudbury – Mine						
Craig	**811**	**1.88**	**0.69**	1,165	1.94	0.75
Fraser	**555**	**1.22**	**2.45**	1,015	1.16	3.07
Lindsley	**236**	**1.17**	**1.11**	378	1.19	1.20
Lockerby	**189**	**1.75**	**0.97**	195	2.24	0.93
Total mined	**1,791**			2,753		
Total – ore processed	**1,797**	**1.54**	**1.37**	2,758	1.57	1.68
Raglan mine	**936**	**2.94**	**0.86**	784	2.96	0.83
	Ni	Cu	Co	Ni	Cu	Co
Metal in Concentrate (TONNES)						
Sudbury mine output	**23,234**	**20,990**	**667**	35,678	40,999	922
Raglan mine output	**23,089**	**6,308**	**289**	19,524	4,930	238
Metal in Copper Concentrate	**77**	**14,091**	**–**	140	30,778	–
Smelter, Refinery						
Smelter (TONNES)						
Mines – Sudbury	**22,221**	**7,767**	**556**	33,041	11,447	732
– Raglan	**22,266**	**5,888**	**330**	18,912	5,264	307
Custom	**2,952**	**1,505**	**906**	3,814	3,462	1,375
Total	**47,439**	**15,160**	**1,792**	55,767	20,173	2,414
Refinery (TONNES)						
Mines – Sudbury	**23,323**	**7,742**	**573**	36,147	13,234	916
– Raglan	**19,161**	**5,384**	**300**	17,837	4,851	287
Custom	**16,195**	**12,181**	**2,558**	20,153	15,177	2,807
Total	**58,679**	**25,307**	**3,431**	74,137	33,262	4,010
	Ni	Cu	Co	Ni	Cu	Co
Sales (TONNES)						
Mines – Sudbury	**26,116**	**26,123**	**620**	36,262	45,095	911
– Raglan	**17,222**	**5,441**	**299**	17,468	4,784	255
Custom	**17,218**	**11,974**	**1,695**	21,270	15,302	2,363
Purchased Product	**1,323**	**–**	**–**	–	1,301	–
Total	**61,879**	**43,538**	**2,614**	75,000	66,482	3,529

Kidd Creek Operations

	2000					1999				
		ORE TONNES (X 1000)	Cu %	Zn %	Ag g/t		ORE TONNES (X 1000)	Cu %	Zn %	Ag g/t
Production										
Kidd Mining Division										
No. 1 Mine		**1,142**	**2.92**	**5.62**	**58**		1,219	3.37	5.14	63
No. 2 Mine		**273**	**2.24**	**2.37**	**20**		331	3.50	0.31	19
No. 3 Mine		**915**	**2.09**	**3.77**	**43**		875	2.01	6.61	70
Total mined		**2,330**					2,425			
Total – ore processed		**2,275**	**2.51**	**4.44**	**46**		2,436	2.90	5.01	60
	Cu	Cu CATHODE	Cu BLISTER	Zn	Ag	Cu	Cu CATHODE	Cu BLISTER	Zn	Ag
Metal in Concentrate from mines (TONNES EXCEPT 000 TROY OUNCES OF Ag)	**54,926**	**–**	**–**	**82,655**	**2,437**	67,429	–	–	96,292	3,622
Kidd Metallurgical Division (TONNES EXCEPT 000 TROY OUNCES OF Ag)										
Mines		**58,772**	**60,314**	**86,459**	**1,962**		51,880	53,568	92,504	3,321
Custom – Sudbury		**17,305**	**17,305**	**–**	**188**		31,564	31,564	–	232
Custom – Other		**46,910**	**46,910**	**54,916**	**135**		37,834	37,834	38,574	210
Total		**122,987**	**124,529**	**141,375**	**2,285**		121,278	122,966	131,078	3,763
	Cu	Cu IN CONC.	Zn	Zn IN CONC.	Ag	Cu	Cu IN CONC.	Zn	Zn IN CONC.	Ag
Sales (TONNES EXCEPT 000'S TROY OUNCES Ag)										
Mines	**59,388**	**2,622**	**83,209**	**99**	**1,962**	52,800	1,939	93,829	1,275	3,263
Custom – Other	**31,356**	**6,337**	**54,916**	**–**	**135**	29,543	–	38,574	–	210
Purchased metal	**5,886**	**–**	**–**	**–**	**–**	7,863	–	1,541	–	–
Total	**96,630**	**8,959**	**138,125**	**99**	**2,097**	90,206	1,939	133,944	1,275	3,473

Gary Potts, Chief Geologist at Raglan,
studies core samples from the latest drilling program.

Mineral Reserves & Exploration: The December 31, 2000 total of proven and probable mineral reserves in Sudbury increased by 0.7 million tonnes of ore to 20.2 million tonnes. During the year, 1.7 million tonnes of ore were mined from Falconbridge mineral reserves.

The underground exploration program at the Onaping Depth Project delineated an indicated mineral resource of 14.6 million tonnes of 2.52% nickel and 1.15% copper. A feasibility study to bring this resource to production is in progress.

The December 31, 2000 total of proven and probable mineral reserves at Raglan decreased by 0.2 million tonnes of ore to 19.5 million tonnes. During the year, 0.9 million tonnes of ore were mined. A new lens of ore was discovered at West Boundary Zone, 15 kilometres east of the concentrator, consisting of 0.9 million tonnes of 2.45% nickel (including dilution).

Key Assumptions for Mineral Resource and Reserve Estimation

Refer to Summary of Mineral Reserves and Resources on page 13

Bulk Density: the factor used to convert volume into tonnage. This factor is a function of the mineralogy and physical characteristics of a deposit. Formulae are developed using regression analyses on a suitably large number of individual determinations.

Cut-Off Grade: the grade that ensures that the revenue from the metal content of the lowest grade parcel included in a deposit will be at least equal to the anticipated prime operating costs of producing this revenue. These costs include mining, milling, smelting, refining, selling and all transportation and administration costs. The cut-off grade will vary greatly from property to property due to a range of factors including deposit size and shape, metal content and prime cost structure.

Exchange Rate (U.S.$ to CDN$): $1.35

Long-Term Metal Prices (U.S.$): Nickel $3.25, Copper $0.95, Zinc $0.55

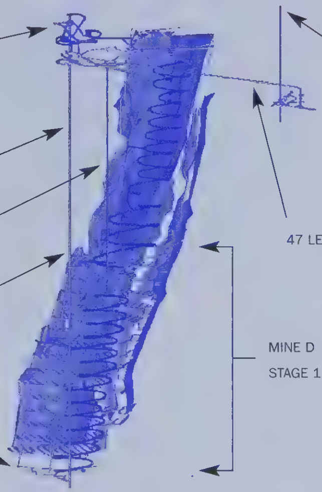
Minimum Mining Width: the smallest horizontal thickness used in an estimation based on the selected mining method and the minimum opening size required by mining equipment used. The grade across this minimum width must equal or exceed the cut-off grade.

Mining Dilution*: all external material with grades lower than the cut-off grade that must be removed with the ore. The amount of this diluting material can vary considerably and depends upon mining method and the location, attitude, size, shape and wall rocks of the ore zone.

Mining Recovery*: the proportion of the ore that is extracted after accounting for mining losses. The mining recovery can vary widely both within a single mine and from property to property due a range of factors including deposit geometry and mining method.

* Used for mineral reserve estimation only

A 3-dimensional view of the Kidd Deep Mine



Kidd Creek Operations

Kidd Creek is engaged in the mining, milling, smelting and refining of its own copper/zinc ores and in the processing of custom feed.

	2000	1999
Sales (TONNES)		
Copper (IN METAL AND CONCENTRATE)	**105,600**	92,100
Zinc (IN METAL AND CONCENTRATE)	**138,200**	135,200
Revenues ($ MILLIONS)	**579**	497
Operating Cash Cost (U.S.$ per pound of copper equivalent)	**0.62**	0.54
Operating Contribution ($ MILLIONS)	**35**	32

Revenues: Revenues at the Kidd Creek Operations were $579.5 million in 2000, a 17% increase from 1999, due to higher sales volumes and copper prices. As both copper and zinc production from the Kidd mine was lower, a higher proportion of the sales came from custom feed sources.

Costs: The operating cash cost of producing a pound of copper equivalent at the Kidd mine increased by 15% in 2000 to U.S.$0.62 per pound of copper equivalent. The 2000 increase is due to higher unit operating costs, in part due to the shutdown at the copper smelter early in the year and lower metals production from the mine. Productivity, measured by the equivalent units of metals produced per hour worked, declined at Kidd Mining Division by 4%, primarily due to the reduction in mine tonnage and lower ore grades. Productivity, measured by equivalent units of metal produced per hour worked, at the Kidd Metallurgical Division decreased by 5% largely due to the impact of a major shutdown of the copper smelter early in 2000.

Income: The Kidd Creek Operations contributed $34.9 million to earnings in 2000, compared with $32.3 million for 1999. The $2.6 million increase largely reflects higher metal prices offset by the impact of higher volumes of custom feed with lower profit margins.

Production: At the Kidd Mining Division, ore milled in 2000 decreased by 7% from 1999 levels. This tonnage, when combined with lower copper and zinc ore grades and metallurgical recoveries, resulted in a decrease of 12,500 tonnes in copper production to 54,900 tonnes of copper in concentrate while zinc production in concentrate decreased by 14% to

82,700 tonnes. The Kidd Mining Division is assessing the impact of a ground movement that occurred in January 2001 in the No.1 mine. Production in the affected areas has been halted until engineering and geo-technical assessments are completed. Current assessments indicate that approximately 15% of the overall production tonnage could be affected in 2001. Attempts will be made to offset any production shortfalls by increasing production in other areas. In 2001, copper in concentrate from the mine is expected to total 45,000 tonnes while zinc in concentrate is forecast at 80,000 tonnes.

The Mine D feasibility study was completed and in July the Corporation approved the development that will extend the Kidd Creek mine in two stages from a depth of 6,800 feet to 10,000 feet (2,100 metres to 3,100 metres). Mine D is expected to contribute 2 million tonnes of ore annually when full production levels are reached. Production is expected to begin in 2004. A total investment of $640 million, including provisions for inflation, is required to develop both stages. Mine D is expected to be cash flow positive by 2004.

At the Kidd Metallurgical Division, zinc production in 2000 increased by 10,300 tonnes to 141,400 tonnes. The copper smelter rebuilt its converting furnace during January and early February. The design of the furnace was changed to improve the life of the refractory at the bathline and furnace hearth. The timing of the shutdown, coupled with lower than planned feedgrades and online time, resulted in blister production of 124,500 tonnes, which was marginally better than 1999's output. Copper cathode production of 123,000 tonnes was virtually the same as in 1999. Copper cathode production in 2001 is estimated at 140,000 tonnes. Production of zinc is estimated at 145,000 tonnes. The increase will come from custom feed.

Mineral Reserves & Exploration: The December 31, 2000 total of proven and probable mineral reserves at Kidd Creek decreased by 2.3 million tonnes of ore to 27.3 million tonnes. During the year, 2.3 million tonnes of ore were mined.

Falconbridge Dominicana, C. por A. (Falcondo)

Located in the Dominican Republic, Falcondo mines, mills, smelts and refines its own nickel laterite ores.

Falconbridge owns 85.26% of Falcondo.

	2000	1999
Sales of Ferronickel (TONNES)	**28,200**	22,600
Production (TONNES)	**27,800**	24,500
Revenues ($ MILLIONS)	**367**	208
Operating Cash Cost (U.S.$ per pound of nickel)	**2.71**	2.12
Earnings ($ MILLIONS)	**46**	18

Revenues: Revenues at Falcondo in 2000 were $367 million compared with $208 million in 1999 due to the 42% increase in the realized ferronickel price and an increase in sales to 28,200 tonnes from 22,600 tonnes.

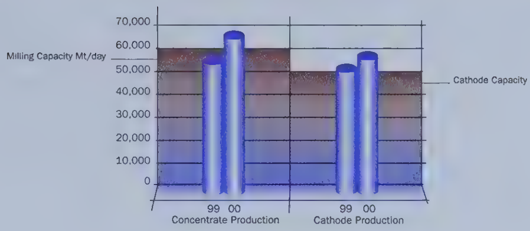
Costs: Falcondo's operating cash cost per pound of nickel in ferronickel increased by 28% in 2000, to U.S.$2.71 per pound entirely due to higher oil prices. Productivity, measured by equivalent units of metal produced per hour worked at Falcondo, increased by 16% in 2000.

Income: The Corporation's share of Falcondo's 2000 earnings was $46.1 million, compared with $17.8 million in 1999. The $28.3 million higher contribution reflects a higher ferronickel selling price and increased sales volumes which offset the impact of higher oil costs.

Production: Falcondo's planned production rate in 2001 is expected to be approximately 29,000 tonnes compared with 27,800 tonnes in 2000 and 24,500 tonnes in 1999. During 2000 production at Falcondo fell short of expectations due to unplanned maintenance of the power plant and electric furnaces. Production in 1999 was affected by a two-month production shutdown.

Mineral Reserves & Exploration: The December 31, 2000 total of proven and probable mineral reserves at Falcondo were increased by 9.8 million tonnes of ore to 65.1 million tonnes. During the year, 3.2 million tonnes of ore were mined.

COLLAHUASI EXCEEDS EXPECTATIONS



COLLAHUASI

Compañia Minera Doña Inés de Collahuasi S.C.M., in which Falconbridge holds a 44% interest, operates the Collahuasi mine in northern Chile. Collahuasi mines and mills copper sulphide ores into concentrate and mines and leaches copper oxide ores to produce cathodes.

FALCONBRIDGE SHARE

	2000	1999
Sales of Copper (TONNES)	**197,700**	175,000
Production (TONNES)	**186,100**	185,700
Revenues ($ MILLIONS)	**451**	352
Operating Cash Cost (U.S.$ per pound)	**0.40**	0.38
Earnings ($ MILLIONS)	**94**	52

REVENUES: Falconbridge's share of revenues at Collahuasi in 2000 was $450.9 million compared with $351.8 million in 1999. The increase of $99.1 million is due to an increase in the realized copper price from U.S.$0.73 to U.S.$0.82 and higher sales volumes.

COSTS: The operating cash cost of producing a pound of copper in 2000 was U.S.$0.40 compared with U.S.$0.38 in 1999 due largely to higher treatment charges and freight costs and lower ore grades.

INCOME: The Corporation's share of Collahuasi's 2000 earnings was $94.2 million compared with $52.0 million in 1999. The total contribution, including the interest income on Falconbridge's portion of Collahuasi's subordinated debt, was $120.7 million.

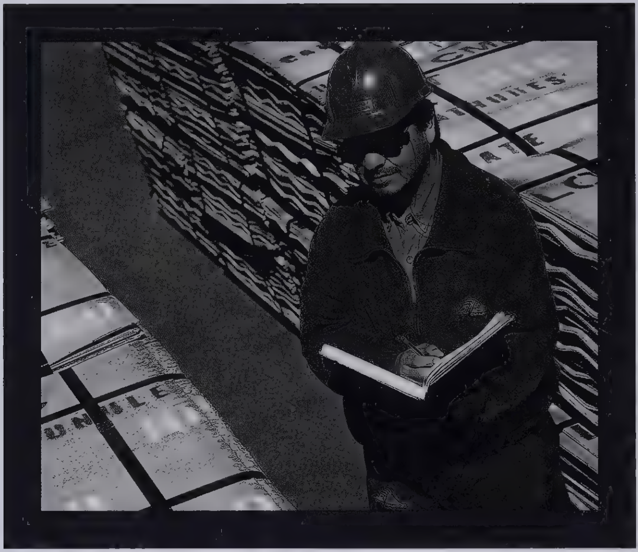
PRODUCTION: Falconbridge's share of annual copper production totaled 186,100 tonnes, which compared with 185,700 tonnes in 1999. Falconbridge's share of cathode from the oxide plant reached 25,600 tonnes (16% above design capacity), while production of copper in concentrate was 160,500 tonnes. The concentrator is now operating at 110% of design capacity. Falconbridge's share of total copper production in 2001 is forecast at 176,000 tonnes.

MINERAL RESERVES: The December 31, 2000 total of proven and probable mineral reserves at Collahuasi decreased by 25.5 million tonnes of ore to 1,851.9 million tonnes. During the year, 29.5 million tonnes of ore were mined.

ESTIMATED PRODUCTION FOR 2001

			2001E	2000
MINE PRODUCTION (TONNES)	Sudbury	Nickel	**N/A**	23,200
		Copper	**N/A**	21,000
	Raglan	Nickel	**24,000**	23,100
		Copper	**6,500**	6,300
	Kidd	Copper	**45,000**	54,900
		Zinc	**80,000**	82,700
	Falcondo	Ferronickel	**29,000**	27,800
	Collahuasi	Copper	**176,000**	186,100
METAL PRODUCTION (TONNES)	Nikkelverk	Nickel	**N/A**	58,700
		Copper	**N/A**	25,300
	Kidd	Copper Cathode	**140,000**	123,000
		Blister Copper	**145,000**	124,500
		Zinc Plant	**145,000**	141,400
	Falcondo	Ferronickel	**29,000**	27,800
	Collahuasi	Copper	**25,000**	25,600

N/A – Not estimated due to the strike at Sudbury Operations.



Collahuasi had another outstanding year, surpassing production targets at both the concentrate and cathode plants.

Liquidity and Capital Resources

The cash position and changes in cash in each of the last two years ended December 31 are summarized below:

MILLIONS	YEAR ENDED DECEMBER 31, 2000	1999
Cash provided by operating activities	**$ 657.3**	$ 349.0
Cash used in investing activities	**(272.6)**	(219.8)
Cash used in financing activities	**(235.8)**	(127.5)
Cash provided during the year	**148.9**	1.7
Cash and cash equivalents, beginning of year	**101.5**	99.8
Cash and cash equivalents, end of year	**$ 250.4**	$ 101.5

Liquidity and Cash Flow

Consolidated cash and cash equivalents of $250.4 million at December 31, 2000, compared with $101.5 million last year, were invested mainly in high-quality short-term money market instruments. The Corporation's lines of credit at December 31, 2000 totaled U.S.$555 million, of which U.S.$159.2 million was drawn.

Working capital increased to $639.9 million from $527.1 million at the end of 1999 primarily due to the impact of higher metal prices and precious metals revenues.

Cash generated from operations, before changes in accounts receivable, inventories and payables, totaled $643.9 million, compared with $455.0 million for 1999. After working capital changes, cash generated from operations was $657.3 million, compared to $349.0 million in 1999.

The ratio of current assets to current liabilities improved to 2.6:1 from 2.4:1 in 1999.

Based on planned production levels, estimated LME prices and forecasted Canadian/U.S. dollar exchange rates, it is anticipated that funds provided from operations and proceeds from existing lines of credit will be sufficient to finance planned capital expenditures in 2001 and the dividends declared to date.

Cash Increased, Debt Reduced

	2000	1999
Long term debt ($MILLION)	**$ 1,462**	$ 1,575
Net debt/net debt + equity	**34%**	38%
Cash ($MILLION)	**$ 250**	$ 101

Outstanding Indebtedness

Total debt was reduced to $1,484.5 million at December 31, 2000 from $1,575.0 million at the end of 1999 due to net loan repayments of $149.1 million which were partially offset by changes in the Canadian/U.S. dollar exchange rate. The total of the current portion of long-term debt and short-term borrowings is $106.0 million. As a result of Collahuasi achieving commercial production and passing certain completion tests in 1999, Falconbridge no longer guarantees its proportionate share of Collahuasi's external debt.

The ratio of net debt (debt minus cash and temporary investments) to net debt plus equity improved to 34% at the end of 2000 from 38% in 1999.

Capital Expenditures and Deferred Project Costs

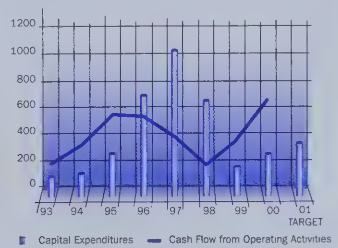
The following table summarizes the expenditures incurred or planned for the periods indicated:

MILLIONS	PLANNED IN 2001	YEAR ENDED DECEMBER 31, 2000	1999
Sudbury	$ 53.0	**$ 41.0**	$ 40.5
Nikkelverk	10.0	**10.3**	13.7
Raglan	46.0	**47.1**	12.0
Kidd Creek	123.0	**66.8**	36.2
Falcondo	19.0	**28.5**	15.6
Collahuasi	25.0	**20.7**	23.4
New Caledonia	30.0	**32.1**	21.6
Other	19.0	**3.1**	6.7
Total	$ 325.0	**$ 249.6**	$ 169.7

Expenditures in 2000 were primarily used for exploration and evaluation work in New Caledonia, increasing production rates at Raglan, work on the deep mining project at Kidd Mining Division and to maintain and improve productive capacity at all locations.

Planned 2001 expenditures will be directed towards development of Mine D at the Kidd Mining Division, completion of the Collahuasi and Onaping Depth feasibility studies, evaluation and exploration work at Gag Island and New Caledonia, and to maintain and improve productive capacity at all locations. Expenditures will be financed from internal sources and existing lines of credit. Based on existing operations and the Mine D and Collahuasi expansions, capital expenditures over the next few years are expected to be in the range of $300 to $400 million per year.

BUILDING CASH ($ MILLIONS)



Monica Nashak, in training at Raglan as an environmental assistant, tests the temperature of the tailings to ensure they are frozen.

Energy

Energy is considered a key economic factor for Falconbridge with approximate annual consumption of 3.7 million barrels of crude oil at Falcondo, a combined 2,350 giga-watt-hours of electricity at the Sudbury and Kidd divisions in Ontario as well as at Nikkelverk in Norway. In addition, 3.6 million gigajoules of natural gas are used in Ontario and 37 million litres of diesel fuel are used at Raglan. Consumption of energy represented 20% of site operating costs in 2000. Increases in crude oil, natural gas and electricity prices during 2000 have caused overall energy costs to increase by $63 million or 25%. With the impending restructuring of the electricity industry in Ontario it is forecast that electricity prices could increase significantly in the short-term because of a supply shortfall. This will further elevate the total cost of energy. Consequently, Falconbridge is committed to enhancing current energy supply management processes and augmenting energy efficiency improvement activities as an immediate and long-term response.

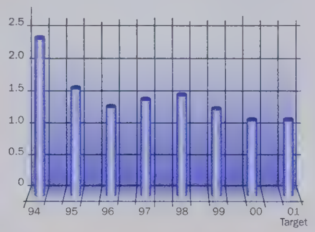
Sustainable Development

The total liability for future site restoration costs is currently estimated to be approximately $175 million at December 31, 2000. This estimate is based on information currently available, including preliminary closure plans and alternatives, applicable regulations, planned spending on site restoration and the remaining life of Falconbridge's mineral reserves. At December 31, 2000, Falconbridge had provided $74.3 million compared to $68.4 million last year, in addition to ongoing capital and operating expenditures. The remaining balance will be accrued and expensed during the remaining lives of the operations.

ISO14001 certification was achieved in 2000 at Collahuasi and the Norwegian refinery, while Falcondo achieved this milestone in 1999. Falconbridge's Canadian production sites are working towards ISO14001 certification by the end of 2001.

An extensive "Report on Sustainable Development" is scheduled for release in April 2001.

LOST-TIME INJURY FREQUENCY RATE PER 200,000 HOURS WORKED



A 10% improvement of the three-year rolling average lost time injury frequency rate has been set as a target for all operations.

Exploration and Business Development

Exploration

The exploration group's mandate is to add mineral reserves at existing operations and new low cost nickel, copper and platinum group metal (PGM) reserves through exploration or acquisition. The primary exploration focus is nickel and PGM's while Falconbridge's expected growth in copper reserves will primarily be achieved through acquisitions.

In addition to the exploration programs at Falconbridge's current operations, exploration projects are in progress in Canada, the United States, Greenland, Africa, Brazil, Vietnam, Australia, Ireland, and the Russian Far East.

The table below summarizes exploration expenditures incurred or planned for the periods indicated:

MILLIONS	PLANNED IN 2001	YEAR ENDED DECEMBER 31, 2000	1999
Support of core operations in Canada	$ 23	**$ 28**	$ 21
New exploration projects in Canada	4	**5**	4
Collahuasi	7	**3**	2
Other exploration projects outside Canada	13	**9**	8
	$ 47	**$ 45**	$ 35

Business Development

The Corporation entered into a tentative agreement with The Broken Hill Proprietary Company Ltd. (BHP) regarding the formation of a Joint Venture which may lead to the development of the Gag Island nickel laterite project in Indonesia. Gag Island is a small island situated 2,400 kilometres east of Jakarta and 150 kilometres west of Sorong, at the tip of Irian Jaya. BHP's current mineral resource estimate for Gag Island is 105 million tonnes of measured and indicated mineral resources grading 1.45% nickel and 135 million tonnes of inferred mineral resources grading 1.33% nickel, contained in both oxide and silicate laterite zones. Pending the resolution of a number of matters, the joint venture will become effective and Falconbridge will have the option to spend U.S.$75 million to earn a 37.5% interest in the project.

A retention licence was obtained for the Gope diamond property jointly owned with De Beers. This secures the property for a further three years. Additional project evaluation work will be carried out in 2001.

The group evaluated a number of potential nickel, copper and platinum group acquisition opportunities during the course of the year. Most were rejected for failing to meet the company's investment criteria, however several were ongoing at year-end.

In 1998 Falconbridge entered into a joint venture agreement with SMSP (Société Minière du Sud Pacifique S.A.) and its controlling shareholder, SOFINOR (Société de Financement et d'Investissement de la Province Nord), for the evaluation and development of a 60,000 tonne per year nickel in ferronickel mining and smelting complex, and related infrastructure project in the North Province of New Caledonia. Falconbridge has a right to earn a 49% interest in the project.

The program to produce a bankable feasibility study is scheduled for completion in the fourth quarter of 2002. The estimated cost for the evaluation program is U.S.$85 million. U.S.$21 million was expended in 2000 for a total to-date expenditure of U.S.$45 million.

During 2000, the diamond drilling program on the Koniambo massif was completed. A total of 70,600 metres was drilled between August 1998 and December 2000. The pyrometallurgical inferred mineral resource is estimated at 151 million tonnes grading 2.58% nickel. In addition, an Environmental Baseline Study was completed. Successful pyrometallurgical demonstration tests on Koniambo ore were completed and a request for proposals for the construction of a 300 megawatt electrical power plant for the project through a build, own, operate arrangement was sent to qualified power providers. Scoping studies for the Koniambo project were completed during the year and the project is on schedule.

Advanced projects – mineral resources[1]

(DECEMBER 31, 2000)

PROJECT	RESOURCE LOCATION	PERCENTAGE OWNERSHIP	CATEGORY	MILLION TONNES	% NICKEL	% COPPER	% COBALT	% ZINC
Mine D[2]	Timmins	100%	Inferred	14.1	–	3.36	–	4.89
Onaping Depth[3]	Sudbury	100%	Indicated	14.6	2.52	1.15	0.06	–
			Inferred	1.2	3.61	1.21	0.07	–
Montcalm*[4]	Ontario	50%	Indicated	7.0	1.46	0.71	0.06	–
			Inferred	0.7	1.71	0.70	0.07	–
Koniambo[5]	New Caledonia	49%	Inferred	151.0	2.58	–	0.07	–
Gag Island*[6]	Indonesia	38%	Measured	12	1.33	–	0.09	–
			Indicated	93	1.46	–	0.07	–
			Total	105	1.45	–	0.07	–
			Inferred	135	1.33	–	0.09	–
Côte d'Ivoire[7]	Ivory Coast	85%	Indicated	126.4	1.57	–	0.11	–
			Inferred	138.3	1.39	–	0.12	–
Gope 25	Botswana	50%	Indicated	77.3	20 carats of diamonds per 100 tonnes of ore			

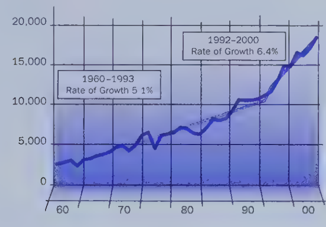
Notes:
1 The mineral resource estimates were prepared in accordance with the "CIM Standards On Mineral Resources and Mineral Reserves, Definitions And Guidelines", adopted by CIM Council on August 20, 2000, using classical and/or geostatistical methods, plus economic and mining parameters appropriate to each project.
The mineral resources have been compiled under the supervision of Chester Moore, Manager, Ore Reserves and Project Evaluation, a member of the Professional Engineers of Ontario with 28 years experience as a geologist.
The mineral resources have reasonable prospects for economic extraction but have not yet had complete formal evaluation, or do not have demonstrated economic viability under current conditions.
2 Also included as part of the Kidd Creek mineral resources on the Mineral Reserves and Mineral Resources table.
3 Also included as part of the Sudbury mineral resources on the Mineral Reserves and Mineral Resources table.
4 Option to earn. Option agreement not finalized as all conditions are not yet resolved.
5 Option to earn.
6 Option to earn. Option agreement not finalized as all conditions are not yet resolved. Mineral resource estimation by BHP Minerals using the Australian Joint Ore Reserve Committee code. The mineral resource categories used by BHP are comparable to the CIM definitions.
7 Option to earn interest increased to 85% in 2000.
* Added in 2000

Markets in 2000

Global economic activity peaked last year, exhibiting its strongest growth in several years, and most base metals experienced a corresponding increase in demand activity and price improvement.

In the first half of 2000, nickel rebounded strongly from a low of U.S.$1.69 per pound at the end of 1998 to peak at U.S.$4.835 per pound during March. The catalyst behind this resurgence was the surge in voluntary production cuts initiated in early 1999, coupled with the continued commissioning delays of the first generation Australian pressure acid leach projects and the strong output from the stainless steel sector. Subsequently, there was some retrenchment of the price, but at U.S.$3.26 per pound at the end of 2000, the price was still sound. Stainless steel registered double-digit growth in the first half of the year before experiencing a slowdown during the third quarter, which then progressed into a full-fledged destocking phase. Overall, stainless steel production grew by 8% in 2000. Primary nickel consumption growth from this sector would have been even stronger were it not for the abundance of stainless steel scrap, enticed onto the market by the higher nickel prices. It is estimated that stainless steel mills consumed 14% more nickel units in the form of scrap. The non-stainless steel sectors also experienced strong demand mainly from the electronic alloys, industrial gas turbines and the battery sectors. As a result, nickel consumption grew by 5.2% this year. LME inventories were down to 9,984 tonnes by the end 2000, having dropped 79% from the end of the previous year. Most of the drop occurred in the first nine months of the year, as strong demand for nickel resulted in a steady drawdown of stocks. By the end of the year the market was more or less in balance, as evidenced by the plateauing of LME inventories.

STAINLESS STEEL SHOWS EXCEPTIONAL GROWTH SINCE 1992 (000s TONNES)



Copper demand was particularly strong in 2000 with year over year growth of 4.0% forecast for the year. In the United States, wire-rod demand accelerated in the first half of the year, while the brass industry maintained its strength. European copper demand for both wire-rod and brass rebounded in 2000, and remained fairly brisk into the second half of 2000. Southeast Asia was a significant region of growth, as local economies became more secure. Chinese copper metal imports increased sharply in 2000 to supply infrastructure development. China is expected to remain a substantial importer of copper. The year saw the start up of one greenfield project and one brownfield expansion as well as the continued ramp-up to capacity of projects commissioned in previous years. The surge in demand in 2000 pushed the market into a strong deficit, so much so that stocks were at normal working levels at the end of 2000. LME inventories ended the year at 357,225 tonnes, a decrease of 55% from the end of 1999. The LME cash settlement price for copper ended the year at U.S.$0.82 per pound, just slightly below the price at the end of 1999.

Strong fundamentals also underpinned the zinc market. The galvanised steel sector was the major driver behind healthy demand growth for zinc in 2000. The automotive sector's use of galvanised steel was particularly strong this year. North American vehicle production hit a peak in 2000. In Europe, strong growth in zinc consumption in the automotive sector in the first half of 2000 was followed by a pick-up in construction activity in the latter part of the year. Japanese production of galvanised sheet continued to increase, while other Asian demand was healthy. On the supply side, refined metal production grew, as expansions at existing producers and a newly commissioned smelter provided additional capacity needed to process surplus concentrate. Notwithstanding, strong demand for zinc kept the market in deficit in 2000 and LME stocks fell 30% to 194,925 tonnes by the end of 2000. However, weak market sentiment meant the LME cash settlement price for special high grade zinc fell almost 18% from the end of 1999 to U.S.$0.46 per pound by the end of 2000.

The following table indicates the average metal price and the Canadian/U.S. dollar exchange rate realized by Falconbridge and on the London Metal Exchange in 2000 and 1999:

Average U.S. prices and Canadian/U.S. dollar exchange rates

		Realized by Falconbridge		London Metal Exchange	
	Pricing unit	2000	1999	2000	1999
Nickel	pound	**$ 4.09**	$ 2.78	**$ 3.92**	$ 2.73
Ferronickel	pound	**3.98**	2.81	**–**	–
Copper	pound	**0.84**	0.74	**0.82**	0.71
Zinc	pound	**0.55**	0.54	**0.51**	0.49
Cobalt	pound	**13.71**	14.67	**12.79***	14.68*
Average exchange rate realized U.S.$1 = Cdn. pre hedge		**1.48**	1.49		
post hedge		**1.49**	1.48		

*As per Metal Bulletin 99.3%

Roger Labelle, Maintenance and Operations Coordinator,
loads metal balls into the Kidd mill for ore grinding.

Risk Factors

As a significant portion of Falconbridge's revenues are derived from the sale of nickel, copper, cobalt and zinc, Falconbridge's earnings are directly related to fluctuations in the prices of these metals. Market prices can be affected by numerous factors beyond Falconbridge's control, including expectations for inflation, speculative activities, relative exchange rates to the U.S. dollar, global and regional demand and production, political and economic conditions and production costs in major producing regions.

In order to minimize metal price risk exposure on purchased metals, fluctuations in inventory levels, and to obtain the average LME prices, the Corporation periodically uses futures and options contracts to hedge these risks. Generally, Falconbridge does not hedge the price it realizes on the sale of its own production and accepts market prices prevailing at the time of sale. From time to time, however, the Corporation may fix the price associated with its own future production to lock in certain profits or cash flows. The Board of Directors of the Corporation has approved a policy to address the philosophy, implementation, control and limits on metal trading.

Another facet of commodity price risk involves the potential for prices to decline to sufficiently low levels, and for markets to become sufficiently uncertain, that the company decides it must reduce the carrying values of affected assets. These reductions can result from decisions to cease production at existing operations, to cancel or postpone the development of new mining projects, to reduce reserves based on lower price assumptions, or the belief that future cash flows from operating assets will be inadequate to support existing carrying values.

Fluctuations in currency exchange rates, principally the Canadian/U.S. dollar exchange rate, can significantly impact Falconbridge's earnings and cash flows. Most of Falconbridge's revenues and debt are denominated in U.S. dollars, whereas most of the operating costs at the Canadian sites are incurred in Canadian dollars. Falcondo's and Collahuasi's costs are incurred mainly in U.S. dollars while Nikkelverk's costs are incurred in Norwegian kroner. From time to time the Corporation will engage in financial risk management programs, approved by the Board of Directors, by entering into contractual arrangements which reduce exposures by creating an offsetting position. Further details are provided in note 14, page 48, of this Annual Report.

The business of mining is generally subject to a number of risks and hazards, including industrial accidents, labour disputes, unusual or unexpected geological conditions, ground conditions and phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in personal injury or death, damage to, or destruction of, mineral properties or production facilities, monetary losses and possible legal liability. Although Falconbridge maintains insurance against risks that are typical in the mining industry, such insurance may not provide adequate coverage under all circumstances.

In view of the uncertainties concerning future removal and site restoration costs on Falconbridge properties, the ultimate costs to Falconbridge could differ from the amounts estimated. The estimate for this future liability is subject to change based on amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations. Future changes, if any, due to their nature and unpredictability, could have a significant impact and would be reflected prospectively as a change in an accounting estimate.

Sensitivities

Falconbridge's earnings and cash flows are sensitive to changes in metal prices and the Canadian/U.S. dollar exchange rate. Because of the uncertainty concerning the strike at Sudbury Operations, the sensitivities mentioned below will be affected. The following table shows the approximate impact on operating income, earnings and cash flow due to variations in these factors, based on Falconbridge's normal annual sales volumes, if the change was to remain in effect for the full year:

Average U.S.$ prices and Canadian/U.S. dollar exchange rates

		Impact on		
MILLIONS	CHANGE IN U.S.$ REALIZED PRICE	OPERATING INCOME	EARNINGS (a)	CASH FLOW
Nickel	0.10 per pound	$ 18.3	$ 12.4	$ 17.8
Ferronickel	0.10 per pound	8.4	4.2	4.2
Copper	0.10 per pound	84.2	55.5	82.7
Zinc	0.05 per pound	19.2	12.4	18.2
Cobalt	1.00 per pound	6.8	5.2	6.6
Platinum and Palladium	100.00 per ounce	19.0	12.6	18.5
Silver	1.00 per ounce	5.5	3.5	5.2
Exchange rate (on revenue) U.S.$1.00 = Cdn.$ +/- 1¢		6.2	4.5	5.7

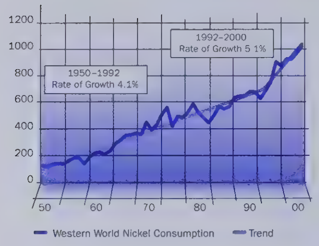
(a) Difference between earnings and cash flow relates to future tax amounts

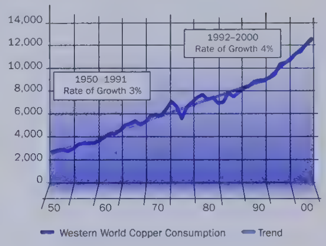
Falconbridge periodically uses foreign exchange and options contracts to hedge the effect of exchange rate changes on identifiable foreign currency exposures and futures and option contracts to hedge the effect of price changes on a portion of the metals it sells from its mine production. The above sensitivities could accordingly be affected if such hedging programs were to be put in place.

Accounting Changes

In 2000 Falconbridge adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for income taxes and employee future benefits. The impact of this change is discussed in note 2, page 40, of this Annual Report.

LONG TERM NICKEL AND COPPER CONSUMPTION ACCELERATING (000S TONNES)





Outlook in 2001

Fundamentally, the outlook for base metals calls for some weakening of demand with the anticipated global economic slowdown. The deceleration in economic activity in the U.S. is of particular concern, as a recession would negatively impact global growth as well as metal demand prospects.

The slowdown in nickel consumption, which took hold during the latter part of 2000, is expected to continue well into 2001, as inventories are worked down. Overall sentiment in the fourth quarter of 2000 was impacted negatively by the high oil prices, the weaker Euro and a slowdown in the U.S. economy. A recovery in demand is not foreseen until the second half of 2001. While cautious on the short-term, we believe the long-term trend is sustainable. Refined production of nickel will grow with the continued ramp-up of brownfield expansions. In view of the weak fourth quarter spilling over into 2001, a slight market surplus is forecast for 2001. Weighing upon the surplus for 2001 will be the potential liquidation of off-warrant nickel stocks. On the positive side, counterbalancing supply, is the low level of LME stocks.

Copper demand growth will be lower in 2001, given expectations of slower economic activity in the U.S. and Europe. As in nickel, we believe the long-term prospects for copper demand are very healthy. Refined copper metal supply is forecast to increase by over 500,000 tonnes in 2001, with most of the additional production coming from the ramp-up of recently commissioned electrolytic projects. Copper fundamentals are positioned well heading into 2001 and the deficit in copper is forecast to continue.

The zinc market is forecast to move into a small surplus for 2001, as refined metal supply outpaces demand growth. Continued ramp-up of expanded production at existing producers and of a newly commissioned smelter will be adding to smelter capacity in 2001. As with copper, the heightened demand activity seen in 2000 is forecast to fall back slightly in 2001 because of higher energy prices and economic slowing in the U.S. and Europe. There are clear signs of production cutbacks by the automotive sector.

The demand for cobalt is expected to exceed that of other base metals due to strong growth in several key market areas. The demand for consumer electronics continues to drive the market for rechargeable batteries and electronic storage media, both key markets for cobalt. In addition, the highly publicized shortage of power has fueled the demand for land based gas turbines. At the same time, the cyclical demand for aeroengines is strengthening. The supply of cobalt appears to be adequate to meet the increased demand, however several uncertainties remain. These uncertainties include the performance of the Australian dry laterites, the ability to ramp up new production at Chambishi Metals in Zambia and OMG's Bill Hill project in the Democratic Republic of Congo (DRC), and the continued uncertain political situation in the DRC. In addition, the labour dispute at Falconbridge's Sudbury Operations has limited the supply of high grade cobalt to the market.

financial statements

In 2000, Falconbridge Limited's earnings grew to $368 million – the highest ever recorded in our Company's history.

ACCOUNTING RESPONSIBILITIES, PROCEDURES AND POLICIES

The Board of Directors which, among other things, is responsible for the consolidated financial statements of the Corporation, delegates to management the responsibility for the preparation of the statements. Responsibility for their review is that of the Audit Committee. Each year the shareholders appoint independent auditors to audit and report directly to them on the financial statements.

In preparing the consolidated financial statements great care is taken to use the appropriate generally accepted accounting principles and estimates considered necessary by management to present fairly and consistently the consolidated financial position and the results of operations. The principal accounting policies followed by Falconbridge are summarized on pages 39 and 40.

The accounting systems employed by Falconbridge include appropriate controls, checks and balances to provide reasonable assurance that Falconbridge's assets are safeguarded from loss or unauthorized use as well as facilitating the preparation of comprehensive, timely and accurate financial information. There are limits inherent in all systems based on the recognition that the cost of such systems should not exceed the benefits to be derived. Falconbridge believes its systems provide the appropriate balance in this respect.

The Corporation's Audit Committee is appointed by the Board of Directors annually and is currently comprised of four non-management directors. The Committee meets with management and with the independent auditors (who have free access to the Audit Committee) to satisfy itself that each group is properly discharging its responsibilities and to review the financial statements and the independent auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the financial statements for issuance to the shareholders.

David H. Race
Chairman of
Audit Committee

Øyvind Hushovd
President and
Chief Executive Officer

Lars-Eric Johansson
Senior Vice President and
Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of Falconbridge Limited:

We have audited the consolidated statements of financial position of Falconbridge Limited as at December 31, 2000 and 1999 and the consolidated statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and the changes in its financial position for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

Toronto, Canada
January 30, 2001

Consolidated Statements of Earnings

IN THOUSANDS OF CANADIAN DOLLARS	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 1999
Revenues	**$ 2,614,596**	$ 2,173,479
Operating expenses		
Costs of metal and other product sales	**1,604,588**	1,469,524
Selling, general and administrative	**122,072**	104,573
Amortization of development and preproduction expenditures	**71,562**	81,493
Depreciation and depletion	**219,200**	211,599
Exploration	**45,815**	34,654
Research and process development	**27,971**	14,435
	2,091,208	1,916,278
Operating income	**523,388**	257,201
Interest on long-term debt and debt expenses	**124,312**	116,823
Interest and other (income)/expenses, net (note 11)	**(29,817)**	(47,335)
	94,495	69,488
Earnings before taxes and non-controlling interest	**428,893**	187,713
Income and mining taxes (note 7)	**52,643**	31,542
Non-controlling interest in earnings of subsidiaries	**7,977**	3,074
Earnings for the year	**$ 368,273**	$ 153,097
Dividends on preferred shares	**11,795**	11,621
Earnings attributable to common shares	**$ 356,478**	$ 141,476
Earnings per common share (note 10(c))	**$ 2.01**	$ 0.80

See accompanying notes to consolidated financial statements

Consolidated Statements of Financial Position

In thousands of Canadian dollars	December 31, 2000	December 31, 1999
Assets		
Current		
Cash and cash equivalents	**$ 250,438**	$ 101,485
Accounts and metals settlements receivable (note 15)	**295,472**	385,681
Inventories (note 3)	**487,521**	426,561
Total current assets	**1,033,431**	913,727
Property, plant and equipment (note 4)	**3,663,646**	3,665,656
Deferred expenses and other assets (note 5)	**112,918**	157,661
Total assets	**$ 4,809,995**	$ 4,737,044
Liabilities and shareholders' equity		
Current		
Short-term debt	**$ 22,503**	$ –
Accounts payable and accrued charges	**266,272**	271,220
Income and other taxes payable	**21,299**	35,068
Long-term debt due within one year (note 6)	**83,466**	80,300
Total current liabilities	**393,540**	386,588
Long-term debt (note 6)	**913,921**	967,444
Collahuasi project debt (note 6)	**464,625**	527,303
Future income and mining taxes (note 7)	**313,056**	349,005
Employee future benefits (note 8)	**257,719**	–
Other long-term liabilities (note 9)	**88,913**	83,309
Non-controlling interest	**31,257**	28,519
Total liabilities	**2,463,031**	2,342,168
Commitments and contingencies (notes 6,9,14,16)		
Shareholders' equity	**2,346,964**	2,394,876
Total liabilities and shareholders' equity	**$ 4,809,995**	$ 4,737,044

See accompanying notes to consolidated financial statements

On behalf of the Board:

Alex G. Balogh, Director

Øyvind Hushovd, Director

Consolidated Statements of Shareholders' Equity

IN THOUSANDS OF CANADIAN DOLLARS	YEAR ENDED DECEMBER 31, 2000 NUMBER	YEAR ENDED DECEMBER 31, 2000 AMOUNT	YEAR ENDED DECEMBER 31, 1999 NUMBER	YEAR ENDED DECEMBER 31, 1999 AMOUNT
SHARE CAPITAL				
AUTHORIZED				
Unlimited preferred shares				
Unlimited common shares				
ISSUED				
Common shares (note 10(a))				
Balance, beginning of year	**176,970,900**	**$ 2,176,503**	176,967,900	$ 2,176,447
Issued pursuant to employee stock option plan	**5,728**	**109**	3,000	56
Balance, end of year	**176,976,628**	**2,176,612**	176,970,900	2,176,503
Preferred shares Series 1 (note 10(b))				
Balance, beginning of year	**89,835**	**899**	532,435	5,325
Conversion of units	**–**	**–**	(442,600)	(4,426)
Balance, end of year	**89,835**	**899**	89,835	899
Preferred shares Series 2 (note 10(b))				
Balance, beginning of year	**7,910,165**	**197,753**	7,467,565	186,688
Conversion of units and proceeds from exercise of warrants	**–**	**–**	442,600	11,065
Balance, end of year	**7,910,165**	**197,753**	7,910,165	197,753
RETAINED EARNINGS (DEFICIT)				
Balance, beginning of year		**13,055**		(57,086)
Adjustments for changes in accounting policies				
Employee future benefits (note 2)		**(214,214)**		–
Income taxes (note 2)		**(118,974)**		–
Earnings for the year		**368,273**		153,097
Dividends – Common shares		**(70,790)**		(70,788)
– Preferred shares		**(11,795)**		(11,621)
Stock option plan market growth option payments, net of taxes (note 10(a))		**(521)**		(547)
Balance, end of year		**(34,966)**		13,055
CUMULATIVE TRANSLATION ADJUSTMENT				
Balance, beginning and end of year		**6,666**		6,666
TOTAL SHAREHOLDERS' EQUITY		**$ 2,346,964**		$ 2,394,876

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Cash Flows

In thousands of Canadian dollars	Year ended December 31, 2000	Year ended December 31, 1999
Operating activities		
Earnings for the year	$ 368,273	$ 153,097
Add (deduct) items not affecting cash		
Depreciation and depletion	219,200	211,599
Amortization of development and preproduction expenditures	71,562	81,493
Future income and mining taxes (note 7)	(12,999)	3,347
Non-controlling interest in earnings of subsidiaries	7,977	3,074
Other	272	19,943
Contributions to pension fund in excess of provision	(10,353)	(17,537)
Cash provided by operating activities before working capital changes	643,932	455,016
Net change in receivables, inventories and payables	13,418	(105,963)
Cash provided by operating activities	657,350	349,053
Investing activities		
Capital expenditures and deferred project costs	(249,628)	(169,687)
Investment in inventories on startup of Collahuasi	–	(32,753)
Proceeds on disposal of assets	2,050	3,005
Change in other assets	(24,999)	(20,399)
Cash used in investing activities	(272,577)	(219,834)
Financing activities		
Long-term debt, including current portion:		
Issued (note 6)	353,704	193,693
Repaid (note 6)	(525,326)	(243,536)
Short-term debt	22,503	–
Dividends paid	(82,583)	(81,442)
Conversion/issue of preferred shares (note 10(b))	–	6,639
Issue of common shares (note 10(a))	109	56
Dividends paid to non-controlling interest in Falconbridge Dominicana, C. por A.	(4,227)	(2,949)
Cash used in financing activities	(235,820)	(127,539)
Cash provided during the year	148,953	1,680
Cash and cash equivalents, beginning of year	101,485	99,805
Cash and cash equivalents, end of year	$ 250,438	$ 101,485
Cash flow per common share from operating activities (note 10(c))	$ 3.65	$ 1.91
Supplementary Information:		
Cash paid for interest	$ 111,290	$ 103,060
Cash paid for income and mining taxes	$ 75,882	$ 31,611

See accompanying notes to consolidated financial statements

1. Summary of significant accounting policies

The consolidated financial statements of Falconbridge Limited have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied. In these consolidated financial statements, references to the Corporation mean only Falconbridge Limited, the parent company, and references to Falconbridge include the Corporation and its consolidated subsidiaries. The principal accounting policies followed by Falconbridge are summarized hereunder.

BASIS OF CONSOLIDATION

Falconbridge consolidates the financial statements of subsidiary companies and proportionately consolidates the financial statements of joint ventures.

TRANSLATION OF FOREIGN CURRENCIES

Foreign currency balances, and the financial statements of integrated foreign operations, are translated into Canadian dollars using the temporal method. Under this method, monetary items are translated at the rate of exchange in effect at the year-end. Non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at the weighted average exchange rates prevailing during the year, except for depreciation, depletion and amortization, which are translated at the same exchange rates as the assets to which they relate. Exchange gains and losses are included in income in the current year, except when hedged or when the gains or losses relate to a monetary item with a fixed or ascertainable original life extending beyond the end of the following fiscal year. In this case, the gain or loss is deferred and amortized to income on a straight-line basis over the period the related monetary item is outstanding. Certain monetary items are hedged by foreign currency forward and option contracts.

Financial statements of self-sustaining foreign operations are translated into Canadian dollars using the current rate method. Under this method, assets and liabilities are translated at the rate of exchange in effect at the year-end while revenue and expense items (including depreciation, depletion and amortization) are translated at the weighted average exchange rates prevailing during the year. Exchange gains and losses from the translation of such financial statements are deferred and disclosed as a separate component of shareholders' equity. Falconbridge uses a combination of its U.S. dollar long-term debt and forward exchange contracts and options for the sale of U.S. dollars to hedge its net investments in self-sustaining foreign operations. Gains or losses on these hedge instruments are reported in the same manner as exchange gains and losses from the translation of the financial statements of its self-sustaining foreign operations.

REVENUE RECOGNITION

Revenues are generated from the sale of refined metals, concentrates and ferronickel and are recorded in the accounts when the rights and obligations of ownership pass to the buyer.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on account, demand deposits and short-term investments with original maturities of three months or less and are stated at cost, which approximates market value.

VALUATION OF INVENTORIES

Metals inventories are valued at the lower of cost, determined on a "first-in, first-out" basis, or net realizable value. Supplies inventories are valued at the lower of average cost of acquisition, less appropriate allowances for obsolescence, or replacement cost.

FINANCIAL INSTRUMENTS

Falconbridge periodically uses forward foreign exchange and option contracts to hedge the effect of exchange rate changes on identifiable foreign currency exposures. Generally, Falconbridge does not hedge the price it realizes on the sale of its own production and accepts realizations based on market prices prevailing around the time of delivery of metals to customers. Under certain circumstances, Falconbridge enters into futures and option contracts to hedge the effect of price changes on a portion of the commodities it sells. Gains and losses on these contracts are reported as a component of the related transactions. From time to time, Falconbridge enters into futures and forward contracts for the purchase or sale of commodities and currencies not designated as hedges. These contracts are carried at estimated fair values and gains or losses arising from the changes in the market values of these contracts are recognized in the earnings of the period in which the changes occur.

Falconbridge also enters into interest-rate swap agreements to modify the interest characteristics of its outstanding debt without an exchange of the underlying principal amount. The differential to be paid or received is accrued as interest rates change and is recognized as an adjustment to interest expense related to the debt.

INTEREST

Falconbridge capitalizes interest costs incurred, prior to the commencement of commercial production, for projects that are specifically financed by debt. Interest costs incurred after the commencement of commercial production are expensed.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and related capitalized development and preproduction expenditures are recorded at cost. Repairs and maintenance expenditures are charged to operations; major betterments and replacements are capitalized.

The Corporation generally depreciates plant and equipment on a straight-line basis over the lesser of their useful service lives or the lives of the producing mines to which they relate. At the Kidd Creek Operations, mine facilities are depreciated over the estimated lives of the mines based on the unit of production basis; reduction and refining facilities are

depreciated over 25 years on the straight-line basis. Generally the subsidiary companies calculate depreciation on a straight-line basis at rates varying from 5% to 25%.

Depletion of resource properties is provided over the estimated lives of the resources recoverable from the properties on the unit of production basis.

Development and preproduction expenditures are capitalized until the commencement of commercial production. These, together with certain subsequent development expenditures, which are also capitalized, are amortized over periods not exceeding the lives of the producing mines and properties.

EXPLORATION

Exploration costs incurred to the date of establishing that a property has mineral resources, which have the potential of being economically recoverable, are charged against earnings. Further costs are generally deferred and, upon reaching commercial production, amortized as appropriate under the policy for property, plant and equipment as described above.

EMPLOYEE FUTURE BENEFITS

The Canadian Institute of Chartered Accountants (CICA) issued a new accounting recommendation with respect to employee future benefits, which is effective for fiscal years beginning on or after January 1, 2000. The recommendation provides that the costs of retirement benefits and certain post employment benefits be recognized over the period in which employees render services in return for the benefits. Falconbridge adopted the new standard in 2000.

Pension expense recorded for Falconbridge's defined benefit plans is the net of management's best estimate of the cost of benefits provided, the interest cost of projected benefits, return on pension plan assets and amortization of experience gains or losses and other pension plan surpluses or deficits. Pension fund assets are valued at current market values. Pension plan surpluses or deficits, experience gains or losses and the cost of pension plan improvements are amortized, on a straight-line basis, over the expected average remaining service life of the employee group or the term of the employment contract to which the items relate, depending on the nature of the item. Funding is subject to applicable government regulations.

Under its defined contribution retirement savings programs, Falconbridge makes payments based on employee earnings and partially matches employee contributions, to a defined maximum. Employees may receive profit sharing credits based on earnings.

Falconbridge also provides certain health care and life insurance benefits for retired employees and their dependents. The cost of these benefits is expensed over the period in which the employees render services in return for the benefits.

INCOME AND MINING TAXES

The CICA issued a new accounting recommendation with respect to income taxes, which is effective for fiscal years beginning on or after January 1, 2000. The recommendation provides that current income taxes be recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are to be recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses, available to be carried forward to future years for tax purposes, that are likely to be realized. Where appropriate, income and withholding taxes are provided on the portion of any interest in consolidated foreign subsidiaries' undistributed net income, which it is reasonable to assume, will be transferred in a taxable distribution. Falconbridge adopted the new standard in 2000.

ENVIRONMENTAL AND RECLAMATION COSTS

Costs related to ongoing site restoration programs are expensed when incurred. A provision for mine closure and site closure costs is charged to earnings during the life of the operations.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STOCK OPTION PLAN

The Corporation has a stock option plan, which is described in note 10. No compensation expense is recognized for the plan when shares or stock options are issued to employees. Shares issued under the plan are recorded at the issue price. If stock options are repurchased from employees under the market growth option, the excess of consideration paid over the stock option exercise price is charged to retained earnings.

2. Accounting changes

Falconbridge has adopted the new recommendations of the CICA with respect to accounting for income taxes and employee future benefits. Falconbridge adopted these standards retroactively, without restatement, on January 1, 2000.

Under the new recommendations, using the liability method, future income tax assets and liabilities are determined based on differences between the carrying amounts and tax bases of assets and liabilities, and measured using the tax rates and laws that will be in effect when the differences are expected to reverse. Previously, under the deferral method, income tax expense was based on items of income and expense that were reported in different years in the financial statements and tax returns and measured at the tax rate in effect in the year the difference originated. The effect of adopting the standard was to decrease retained earnings by \$119.0 million and to record a future tax liability of \$119.0 million.

Also under the new recommendations, the cost of all non-pension benefits to employees is now recorded on an accrual basis instead of being charged to earnings as incurred. For pension benefits the discount rate used to measure the pension obligation is determined at the balance sheet date. The effect of adopting this standard was to decrease retained earnings by $214.2 million, to decrease other assets by $80.2 million, to increase the employee future benefits liability by $268.0 million, and to decrease the future income and mining taxes liability by $134.0 million.

3. Inventories

Inventories of $487.5 million (1999 – $426.6 million) include, in-process – $236.2 million (1999 – $184.7 million); finished metals – $123.9 million (1999 – $122.0 million); and supplies – $127.4 million (1999 – $119.9 million).

4. Property, plant and equipment

Property, plant and equipment consist of the following:

			2000	DECEMBER 31, 1999
	COST	ACCUMULATED DEPRECIATION AND AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Plant and equipment:				
Mines, mining plants and ancillary mining assets	**$ 2,762,467**	**$ 1,146,313**	**$ 1,616,154**	$ 1,618,402
Smelters	**705,634**	**375,898**	**329,736**	340,538
Refineries	**869,465**	**460,330**	**409,135**	430,556
Other	**175,932**	**121,887**	**54,045**	45,428
	4,513,498	**2,104,428**	**2,409,070**	2,434,924
Land and properties	**442,481**	**194,806**	**247,675**	238,045
	$ 4,955,979	**$ 2,299,234**		
Development and preproduction expenditures, net			**1,006,901**	992,687
			$ 3,663,646	$ 3,665,656

5. Deferred expenses and other assets

Deferred expenses and other assets consist of the following:

	2000	DECEMBER 31, 1999
Deferred pension costs	**$ –**	$ 80,181
Deferred exploration and engineering costs	**71,580**	32,899
Inventories and supplies	**20,380**	20,157
Employee housing advances	**6,243**	6,354
Debt discount and issue expenses, net	**3,063**	3,654
Portfolio investments	**2,555**	3,583
Other	**9,097**	10,833
	$ 112,918	$ 157,661

6. Long-term debt

Long-term debt consists of the following:

	2000	DECEMBER 31, 1999
Falconbridge Limited:		
7.35% Debentures, due November 1, 2006 (U.S.$250.0 million) (a)	**$ 375,050**	$ 360,825
7 3/8% Debentures, due September 1, 2005 (U.S.$200.0 million) (a)	**300,040**	288,660
Credit Facilities (U.S.$159.2 million, 1999 – U.S.$220.3 million) (b)	**238,831**	317,959
Compañia Minera Doña Inés de Collahuasi S.C.M.:		
Senior Debt (U.S.$365.3 million, 1999 – U.S.$420.9 million) (c) (d)	**548,091**	607,603
Total	**$ 1,462,012**	$ 1,575,047
Less long-term debt due within one year	**83,466**	80,300
	$ 1,378,546	$ 1,494,747

(TABULAR FIGURES IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT WHERE OTHERWISE NOTED)

(a) The Corporation has entered into a number of interest rate swap and option transactions ranging in term to maturity from four to six years. As a result of these transactions, at December 31, 2000, interest costs on U.S.$300.0 million (1999 – U.S.$250.0 million) of the debentures were swapped to an average fixed interest rate of 6.61% (1999 – 6.71%) and interest costs on U.S.$150.0 million (1999 – U.S.$200.0 million) were swapped to a floating rate basis at an average interest rate of 7.37% (1999 – 6.64%). The weighted average interest rate on the total debenture portfolio at December 31, 2000 was 6.86% (1999 – 6.68%). If these positions had been settled at December 31, 2000, the Corporation would have received $12.4 million (1999 – received $5.3 million).

(b) In July 2000, the Corporation renewed its existing revolving/non-revolving unsecured term evergreen credit facilities, (individually a "Credit Facility" and collectively the "Credit Facilities") and extended the term to July 9, 2004. The aggregate principal amount available under the Credit Facilities is U.S.$555.0 million.

The Corporation may repay and reborrow amounts under a Credit Facility during the revolving period, which ends on July 9, 2001. The revolving period of a Credit Facility may be extended by the relevant lender at its discretion. Failing such extension, borrowings under a Credit Facility will convert into a term loan maturing on July 9, 2004.

Borrowings may be made under the Credit Facilities in Canadian dollars in the form of prime rate loans or bankers' acceptances or in U.S. dollars in the form of U.S. base rate loans or LIBOR loans. As at December 31, 2000, the Corporation had borrowed U.S.$159.2 million (1999 – U.S.$220.3 million) by way of LIBOR loans, on which interest was payable at 7.50% (1999 – 6.40%). During the revolving period of a Credit Facility, the Corporation pays a standby fee on the unused portion of such Credit Facility.

(c) The principal of the Senior Debt is repayable in successive, semi-annual installments commencing in December 1999 and continuing until December 2009. The weighted average interest rate on the Senior Debt outstanding at December 31, 2000 was 7.74% (1999 – 7.37%).

The Project achieved commercial production and passed certain completion tests in 1999. As a result, under the terms of the agreements with the lenders of the Senior Debt, Falconbridge no longer guarantees its proportionate share of the Senior Debt.

(d) Collahuasi has entered into interest rate swap agreements to partially hedge the exposure derived from the timing of LIBOR settings on loans outstanding. As a result of these transactions, at December 31, 2000, interest costs on U.S.$620.0 million (1999 – U.S.$700.0 million) of its total debt were swapped to an average floating rate of 7.74% (1999 – 7.37%). These swap agreements amortize and extend until December 2002. If these positions had been settled at December 31, 2000, Falconbridge would have received $1.3 million (1999 – owed $0.5 million) on its portion (44%) of these agreements.

(e) The weighted average interest rate on the long-term debt portfolio, including the effect of interest rate swap agreements, at December 31, 2000 was 7.29% (1999 – 6.89%).

(f) Assuming that the Credit Facilities will continue to be renewed, long-term debt will mature as follows:

Year ending December 31,	2001	$ 83,466
	2002	83,466
	2003	83,466
	2004	83,466
	2005	383,506
	thereafter	744,642
		$ 1,462,012

(g) At December 31, 2000, the market value of Falconbridge's total debt, excluding the effect of interest rate swap agreements, was $1,473.1 million (1999 – $1,542.9 million).

7. Income and mining taxes

Falconbridge adopted the new CICA recommendations with respect to accounting for income taxes retroactively, without restatement, on January 1, 2000. Comparative amounts shown for 1999 are based on the deferral method.

(a) Consolidated income and mining taxes consist of the following:

	YEAR ENDED DECEMBER 31, 2000	1999
Current		
Federal and provincial income taxes	**$ 5,969**	$ 5,877
Provincial mining taxes	**–**	(1,400)
Foreign taxes	**59,673**	23,718
	65,642	28,195
Future		
Federal and provincial income taxes	**(17,317)**	(14,350)
Provincial mining taxes	**(25,323)**	(732)
Foreign taxes	**29,641**	18,429
	(12,999)	3,347
	$ 52,643	$ 31,542

(b) The difference between the amount of the reported consolidated income and mining taxes and the amount computed by multiplying the earnings before taxes by the Corporation's applicable tax rates is reconciled as follows:

	YEAR ENDED DECEMBER 31, 2000	1999
Taxes computed using the Corporation's tax rates*	**$ 179,877**	$ 79,984
Adjust for –		
Foreign tax rates, net (i)	**(63,685)**	(52,048)
Mining taxes	**(25,323)**	(2,132)
Resource and depletion allowances	**(19,311)**	(8,969)
Non-taxable income	**(9,214)**	(6,224)
Non-claimable expenses	**1,776**	14,853
Ontario income tax rate reduction	**(10,000)**	–
Other	**(1,477)**	6,078
Income and mining taxes	**$ 52,643**	$ 31,542
*Federal and provincial income tax rates	**41.95%**	42.62%

(i) The Corporation has non-resident subsidiaries that have undistributed earnings on which no taxes have been provided. These earnings, which amount to approximately U.S.$291.1 million (1999 – U.S.$261.6 million), have been permanently reinvested outside Canada and are used to finance non-Canadian investments, and exploration and development projects.

(c) The components of the future income tax liability at December 31, 2000 are as follows:

Future income and mining tax liabilities	
Property, plant and equipment	**$ 297,384**
Development and preproduction	**180,842**
Foreign exchange	**20,469**
Exploration	**780**
Other	**20,422**
	519,897
Future income and mining tax assets	
Pensions	**(18,394)**
Post-employment benefits	**(71,102)**
Reclamation provisions	**(24,727)**
Inventory obsolescence	**(10,131)**
Non-capital losses	**(44,024)**
Research and development	**(8,763)**
Other	**(29,700)**
	(206,841)
Net future income and mining tax liability	**$ 313,056**

8. Employee future benefits

Falconbridge maintains defined benefit retirement plans providing retirement, death and termination benefits for certain salaried and hourly-rated employees. Pension benefits are calculated based upon length of service and either final average earnings or a specified amount per year of service. Funding and pension plan assets (which consist principally of cash, equity securities and fixed income securities) for the defined benefit plans are primarily governed by the Ontario Pension Benefits Act. Pension benefits provided for certain employees through group annuity contracts are fully funded. The Kidd Creek Operations and Société minière Raglan du Québec ltée make monthly contributions on behalf of employees under defined contribution retirement savings programs.

Falconbridge provides retiree health, dental and life insurance benefits to certain employees. These plans have partial funding and require no contributions from employees. Other post employment benefits are recognized when the event triggering the obligation occurs. In 2000, Falconbridge retroactively adopted, without restatement, accrual accounting for the benefit plans. Prior to that date, Falconbridge recognized a benefit expense equal to its payments for the actual costs incurred by the retirees.

The funded status of Falconbridge's defined benefit pension plans and differences between amounts expensed and amounts funded are as follows:

	DECEMBER 31, 2000		DECEMBER 31, 1999	
	PLANS WHERE ASSETS EXCEED ACCUMULATED BENEFITS	PLANS WHERE ACCUMULATED BENEFITS EXCEED ASSETS	PLANS WHERE ASSETS EXCEED ACCUMULATED BENEFITS	PLANS WHERE ACCUMULATED BENEFITS EXCEED ASSETS
Plan assets at fair value	**$ 148,681**	**$ 725,063**	$ 653,756	$ 180,752
Projected benefit obligations	**109,895**	**809,403**	538,050	223,169
Plan assets in excess of (less than) projected benefit obligations	**$ 38,786**	**$ (84,340)**	$ 115,706	$ (42,417)
(Excess)/deficiency of amounts expensed over amounts funded		**$ (47,372)**		$ 80,181

(TABULAR FIGURES IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT WHERE OTHERWISE NOTED)

The funded status of Falconbridge's post employment benefit plans other than pensions and the difference between amounts expensed and amounts funded are as follows:

	DECEMBER 31, 2000
Accrued benefit obligation	$ 226,683
Fair value of plan assets	15,181
Plan deficit	211,502
Excess of amounts expensed over amounts funded	$ 210,347

Falconbridge's post employment benefit expense included the following components:

	YEAR ENDED DECEMBER 31, 2000 PENSION BENEFITS	POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
Service cost	$ 14,597	$ 5,845
Interest cost	60,031	15,045
Expected return on plan assets	(57,958)	(1,117)
Valuation allowance provided against accrued benefit asset	663	–
Other	864	–
Defined benefit plan expense	18,197	19,773
Defined contribution plan expense	8,810	–
Post employment benefits expense	$ 27,007	$ 19,773

Pension expense of $33.7 million for 1999 includes $9.1 million for defined contribution plans and $24.6 million for defined benefit plans.

The change in the funded status of Falconbridge's post employment benefit plans was as follows:

	DECEMBER 31, 2000 PENSION BENEFITS	POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
ACCRUED BENEFIT OBLIGATION		
Balance at beginning of year	$ 761,219	$ –
Adjustment of obligation relating to the new accounting standard	147,889	219,656
Revised balance at beginning of year	909,108	219,656
Current service cost	14,597	5,845
Benefits paid	(53,511)	(14,002)
Interest cost	60,031	15,045
Actuarial gains	(2,708)	–
Effect of exchange rate changes	595	139
Other	(8,814)	–
Balance at end of year	$ 919,298	$ 226,683
PLAN ASSETS		
Balance at beginning of year	$ 834,508	$ –
Recognition of fund assets	–	17,836
Expected return on plan assets	57,958	1,117
Experience loss on fund assets	(7,208)	–
Employer contributions	49,997	10,230
Benefits paid	(53,511)	(14,002)
Effect of exchange rate changes	(1,910)	–
Transfer to other plans	(526)	–
Other	(5,564)	–
Fair value of plan assets at end of year	$ 873,744	$ 15,181
Plan (deficit)	$ (45,554)	$ (211,502)

	DECEMBER 31, 2000 PENSION BENEFITS	POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
RECONCILIATION OF ACCRUED BENEFIT LIABILITY TO DEFICIT		
Accrued benefit liability	$ 47,372	$ 210,347
Unamortized past service costs	1,449	1,155
Unamortized net actuarial losses	7,208	–
Accrued benefit liability	56,029	211,502
Valuation allowance	(10,475)	–
Deficit	$ 45,554	$ 211,502

The significant actuarial assumptions used in measuring Falconbridge's post employment benefit obligations were as follows:

	PENSION BENEFITS 2000	PENSION BENEFITS 1999	POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS DECEMBER 31, 2000
Discount rate	6.75%	8.00%	6.75%
Expected long-term rate of return on plan assets	7.00%	8.00%	–
Rate of compensation increase	3.50%	6.00%	–
Effect of 1% Increase in Assumed Health Care Cost Trend Rates			
Total of Service and Interest Cost Components			2,669
Post employment Benefit Obligation			30,374
Effect of 1% Decrease in Assumed Health Care Cost Trend Rates			
Total of Service and Interest Cost Components			(1,731)
Post employment Benefit Obligation			(22,372)

The health care cost trend rate is assumed to start at 7.5% for 2000, decreasing to 4% by 2007.

9. Other long-term liabilities

Other long-term liabilities consist of the following:

	DECEMBER 31, 2000	1999
Future removal and site restoration costs	$ 74,294	$ 68,351
Other	14,619	14,958
	$ 88,913	$ 83,309

The business conducted by Falconbridge has been, and may in the future be, affected by changes in environmental legislation and other requirements including those related to future removal and site restoration costs. As Falconbridge operates in many countries, both the likelihood of changes in legislation and its impact upon Falconbridge are not predictable.

Falconbridge's policy is to meet and, if possible, surpass standards set by relevant legislation, through the application of innovative and technically proven economical measures in advance of prescribed deadlines. In addition, Falconbridge

incurs substantial removal and site restoration costs on an ongoing basis, which it believes will mitigate future removal and site restoration costs.

The total liability for future site restoration costs in relation to Falconbridge's worldwide operations, which will be incurred primarily after the cessation of operations, is estimated to be approximately $175 million. This estimate is based on information currently available, including closure plans and alternatives, applicable regulations and planned spending on site restoration. At December 31, 2000 Falconbridge had provided $74.3 million (1999 – $68.4 million), in addition to ongoing capital and operating expenditures. The remaining balance will be accrued and expensed during the remaining lives of the operations.

In view of the uncertainties concerning future removal and site restoration costs, the ultimate costs to Falconbridge could differ materially from the amounts estimated. The estimate for the future liability is subject to change based on amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations. Future changes, if any, due to their nature and unpredictability, could have a significant impact and would be reflected prospectively, as a change in an accounting estimate.

10. Share capital

(a) Employee stock option plan

The Corporation has a stock option plan, through which options may be granted to directors, officers and employees for the purchase of common shares. Options were granted at prices equal to the closing market value on the last trading day or period prior to the grant and are exercisable from 5 to 9 years from the date of vesting.

A summary of the status of the stock option plan and changes during the years is presented below:

	2000 OPTIONS ('000'S)	2000 WEIGHTED-AVERAGE EXERCISE PRICE	1999 OPTIONS ('000'S)	1999 WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding, beginning of year	**2,446**	**$ 20.58**	1,932	$ 22.36
Granted	**650**	**20.14**	831	15.67
Exercised				
Purchase option	**(6)**	**18.90**	(3)	18.50
Market growth option	**(114)**	**17.98**	(244)	18.54
Cancelled	**(149)**	**23.60**	(70)	18.63
Outstanding, end of year	**2,827**	**$ 20.35**	2,446	$ 20.58

The following table summarizes information about the stock options outstanding at December 31, 2000:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING NUMBER ('000'S) OUTSTANDING AT DEC. 31, 2000	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE
$15.67 to $18.90	**1,570**	7.2	$ 17.33
$20.14 to $26.25	**958**	8.3	22.15
$28.75 to $31.10	**299**	2.5	30.44
$15.67 to $31.10	**2,827**	7.1	$ 20.35

RANGE OF EXERCISE PRICES	OPTIONS EXERCISABLE NUMBER ('000'S) EXERCISABLE AT DEC. 31, 2000	WEIGHTED-AVERAGE EXERCISE PRICE
$15.67 to $18.90	**494**	$ 18.00
$20.14 to $26.25	**189**	26.25
$28.75 to $31.10	**252**	30.32
$15.67 to $31.10	**935**	$ 22.99

(b) Preferred shares

On March 7, 1997 the Corporation issued 8,000,000 Units, at a price of $10.00 per Unit, with each Unit consisting of one Cumulative Preferred Share Series 1 (a "Preferred Share Series 1") and one Cumulative Preferred Share Series 2 Purchase Warrant (a "Warrant"). The Warrants were not separable from the Preferred Share Series 1. Until September 1, 1998, the Preferred Share Series 1 were entitled to fixed cumulative preferential cash dividends of $0.1563 per share ($0.625 per annum), as and when declared by the board of directors of the Corporation (the "Board of Directors"), which accrued from the date of issue and were payable quarterly on the first day of June, September, December and March in each year. From September 1, 1998, such quarterly dividend was reduced to $0.02 per share. The holders of the Units had the right to acquire on September 1, 1998, December 1, 1998, and March 1, 1999, for each Unit held, one Cumulative Preferred Share Series 2 (a "Preferred Share Series 2") of the Corporation by the combined effect of tendering for conversion one Preferred Share Series 1 and the exercise of one Warrant together with the cash payment of $15.00 per Warrant. During 1999, 442,600 units were converted into Preferred Share Series 2. A total of 7,910,165 units have been converted into Preferred Share Series 2.

(TABULAR FIGURES IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT WHERE OTHERWISE NOTED)

Until March 1, 2004, the Preferred Share Series 2 will be entitled to fixed cumulative preferential dividends, as and when declared by the Board of Directors, which will accrue from the date of issue and be payable quarterly on the first day of June, September, December and March in each year in the amount of $0.3672 per share or $1.4688 per share per annum. From March 1, 2004, the Preferred Share Series 2 will be entitled to floating adjustable cumulative preferential cash dividends as and when declared by the Board of Directors.

Holders of Preferred Share Series 2 will have the right to convert their shares into Cumulative Preferred Share Series 3 of the Corporation, subject to certain conditions on March 1, 2004 and every five years thereafter. On March 1, 2004, the Corporation may redeem for cash the Preferred Share Series 2, in whole but not in part, at the Corporation's option, at $25.00 per share plus accrued and unpaid dividends. Subsequent to March 1, 2004, the Corporation may redeem at any time for cash the Preferred Share Series 2, in whole but not in part, at the Corporation's option, at $25.50 per share plus accrued and unpaid dividends.

(c) Earnings and cash flow per common share

Earnings and cash flow per common share have been calculated after deducting preferred share dividends of $11.8 million (1999 – $11.6 million) and have been based on the weighted average number of common shares outstanding during the year of 176,976,200 shares (1999 – 176,969,500 shares). The inclusion in the computation of earnings and cash flow per share of shares subject to issue under the employee stock option plan (note (a) above) would not have a material impact on such computations.

11. Interest and other (income)/expenses, net

Interest and other (income)/expenses, net, includes the following:

	YEAR ENDED DECEMBER 31, 2000	1999
Interest income	**$ (17,570)**	$ (7,996)
Gain on metal positions	**(5,790)**	(46,283)
Foreign exchange	**(1,250)**	3,133
Other	**(5,207)**	3,811
	$ (29,817)	$ (47,335)

12. Collahuasi joint venture

Compañia Minera Doña Inés de Collahuasi S.C.M. (Collahuasi) is the corporation which owns the mining and water rights and other assets relating to the Collahuasi project (the "Project") and secured financing, conducts the operations and markets the products of the property.

The consolidated financial statements include Falconbridge's 44% share of the financial position, operating results and cash flow of Collahuasi as follows:

	DECEMBER 31, 2000	1999
FINANCIAL POSITION		
Assets		
Current assets	**$ 123,183**	$ 120,242
Property, plant and equipment	**1,200,820**	1,187,315
Other	**29,024**	34,262
Total assets	**$ 1,353,027**	$ 1,341,819
Liabilities and Shareholders' Equity		
Current liabilities	**$ 120,723**	$ 124,899
Long-term debt		
Senior debt	**464,625**	527,303
Intercompany debt	**349,544**	366,337
Other long-term liabilities	**61,769**	62,272
Pro rata share of net assets of the project	**356,366**	261,008
Total liabilities and shareholders' equity	**$ 1,353,027**	$ 1,341,819
EARNINGS		
Revenues	**$ 450,925**	$ 351,795
Pro rata share of earnings for the year	**$ 94,206**	$ 52,037
CASHFLOW		
Cash flow provided by (used in):		
Operating activities	**$ 162,403**	$ 61,028
Investing activities	**(40,362)**	(24,831)
Financing activities	**(119,759)**	(5,588)
Pro rata share of the increase in cash and cash equivalents	**$ 2,282**	$ 30,609

Current assets include cash of $39.2 million (1999 – $36.9 million) which is only available for use within the Project.

13. Segmented data

Falconbridge operates in one industry – mining, processing and marketing of mineral products. These activities are conducted through five segments – the Integrated Nickel Operations (INO), Kidd Creek, Falcondo, Collahuasi and Corporate. The INO includes the accounts of the Corporation and all of its wholly owned subsidiaries engaged in the integrated operations of mining, milling, smelting, refining and marketing of metals mainly derived from Sudbury and Raglan nickel/copper ores and its custom feed business. Kidd Creek includes the mining, milling, smelting and refining of its own copper/zinc ores and its custom feed business. Falcondo mines, mills, smelts and refines its own nickel laterite ores. Collahuasi is a copper project, in which Falconbridge owns 44%. Corporate includes general and administrative expenditures, exploration and research and development expenditures, foreign exchange gains and losses and other expenses.

The accounting policies used by these segments are the same as those described in the Summary of Significant Accounting Policies in note 1. Any sales and transfers between the segments are accounted for as if the sales or transfers were to third parties, that is, at current market prices. During the preparation of the internal financial statements the transfers between segments are eliminated.

As the products and services in each of the reportable segments, except for Corporate, are essentially the same, the reportable segments have been selected at the level where decisions are made on the provision of resources, capital and where complete financial statements are available. For operations forming part of a reportable segment, performance is measured based on production targets, operating costs incurred and unit operating costs.

(a) Segmented information:

(MILLIONS)	INO	KIDD CREEK	FALCONDO	COLLAHUASI	CORPORATE AND OTHER	TOTAL
Year ended December 31, 2000						
Ownership	**(100%)**	**(100%)**	**(85.26%)**	**(44%)**	**(100%)**	
Revenues (a)	**$ 1,218**	**$ 579**	**$ 367**	**$ 451**	**$ –**	**$ 2,615**
Operating income (loss)	**303**	**35**	**115**	**207**	**(137)**	**523**
Interest income (b)	**–**	**–**	**2**	**(13)**	**29**	**18**
Interest expense (b)	**–**	**–**	**–**	**65**	**59**	**124**
Working capital	**403**	**72**	**32**	**74**	**59**	**640**
Depreciation, depletion and amortization	**138**	**72**	**11**	**70**	**–**	**291**
Property, plant & equipment	**1,402**	**809**	**104**	**1,331**	**18**	**3,664**
Capital expenditures & deferred project costs	**101**	**67**	**28**	**21**	**33**	**250**
Year ended December 31, 1999						
Ownership	(100%)	(100%)	(85.26%)	(44%)	(100%)	
Revenues (a)	$ 1,116	$ 497	$ 208	$ 352	$ –	$ 2,173
Operating income (loss)	130	32	47	146	(98)	257
Interest income (b)	–	–	2	(15)	21	8
Interest expense (b)	–	–	–	58	59	117
Working capital	373	129	8	(19)	36	527
Depreciation, depletion and amortization	145	71	11	66	–	293
Property, plant & equipment	1,433	816	83	1,328	6	3,666
Capital expenditures & deferred project costs	68	36	15	23	28	170
Principal base of operations	Canada	Canada	Dominican Republic	Chile	Canada	

(a) Inter segment sales are eliminated during the preparation of the internal financial statements.

(b) Interest income and expense are not allocated between INO, Kidd Creek and Corporate in the preparation of the internal financial statements.

(TABULAR FIGURES IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT WHERE OTHERWISE NOTED)

(b) Identifiable assets by geographic location are as follows:

(MILLIONS)	TOTAL ASSETS YEAR ENDED DECEMBER 31, 2000	1999	PROPERTY, PLANT AND EQUIPMENT YEAR ENDED DECEMBER 31, 2000	1999
Canada	**$ 2,442**	$ 2,597	**$ 2,016**	$ 2,049
Chile	**1,549**	1,441	**1,313**	1,299
Barbados	**158**	88	**1**	1
Norway	**231**	238	**222**	228
Dominican Republic	**256**	225	**104**	83
Other	**174**	148	**8**	6
	$ 4,810	$ 4,737	**$ 3,664**	$ 3,666

(c) Consolidated sales revenues

(i) By geographic location of customers:

(MILLIONS)	2000 AMOUNT	2000 %	1999 AMOUNT	1999 %
Europe	**$ 945**	**36**	$ 777	36
U.S.	**840**	**32**	746	34
Other	**530**	**20**	412	19
Total foreign *	**2,315**	**88**	1,935	89
Canada	**300**	**12**	238	11
	$ 2,615	**100**	$ 2,173	100
* Includes sales by Canadian operations to foreign customers	**$ 1,188**		$ 1,150	

(ii) By product category:

(MILLIONS)	2000 AMOUNT	2000 %	1999 AMOUNT	1999 %
Nickel	**$ 827**	**32**	$ 686	31
Ferronickel	**366**	**14**	208	9
Copper	**873**	**33**	733	34
Zinc	**251**	**10**	237	11
Cobalt	**117**	**4**	170	8
Palladium	**109**	**4**	66	3
Other	**72**	**3**	73	4
	$ 2,615	**100**	$ 2,173	100

14. Financial instruments

The Corporation's Board of Directors approved a financial risk management policy addressing the philosophy, implementation and control of financial risk management and investment activities. Falconbridge manages its exposures by entering into contractual arrangements (derivatives) which reduce (hedge) the exposures by creating an offsetting position.

Falconbridge has significant investments in foreign domiciled operations. In addition, the Corporation has foreign currency denominated monetary assets and liabilities. Consistent with the financial risk management policy, these items are hedged by issuing debt in the same currency as the investment, and by entering into forward exchange and option contracts. At December 31, 2000, the Corporation had outstanding foreign currency forward contracts relating to these exposures to sell a notional amount of U.S.$300.0 million, with maturity dates through February 2001 at an average exchange rate of Cdn$1.5355 (1999 – U.S.$190.0 million at Cdn$1.475). If these contracts had been settled at December 31, 2000, the Corporation would have received $10.9 million (1999 – received $6.4 million). At December 31, 2000 Falconbridge also had foreign currency forward contracts to sell U.S.$25.1 million (1999 – U.S.$12.3 million) for Chilean pesos to hedge certain expenditures associated with its Chilean operations for periods extending through December 2001. If these contracts had been settled at December 31, 2000, Falconbridge would have paid $0.1 million (1999 – received $0.1 million).

Falconbridge's sales are denominated primarily in U.S. dollars and to a lesser extent in Euros, Yen and other foreign currencies, and it incurs expenses that are denominated in foreign currencies, which expose it to increased volatility in earnings due to fluctuations in foreign exchange rates. Falconbridge uses foreign currency forward exchange contracts and options to reduce these exposures by creating an offsetting position. The Corporation has foreign currency exchange contracts, designated as a hedge of its U.S. dollar sales revenue, to sell U.S.$480.0 million maturing over the next 11 months at an average exchange rate of Cdn$1.4654 (1999 – U.S.$455.0 million at Cdn$1.500). In addition, the Corporation also has option contracts that if exercised, would result in additional sales of U.S.$40.0 million over the next 2 months (1999 – U.S.$65.0 million). If these contracts had been settled at December 31, 2000, the Corporation would have paid $14.7 million (1999 – received $27.1 million). The Corporation has foreign currency exchange contracts, designated as a hedge of its Norwegian Kroner expenditures, to purchase 165.0 million Norwegian Kroner over the next 12 months at an average exchange rate of Cdn$0.1656 (1999 – 60.0 million Norwegian Kroner at Cdn$0.1833). In addition, the Corporation also has option contracts that if exercised, would result in additional purchases of 15.0 million Norwegian Kroner over the next 2 months (1999 – 120.0 million Norwegian Kroner). If these contracts had been settled at December 31, 2000, Falconbridge would have received $0.3 million (1999 – paid $0.5 million).

At December 31, 2000 the Corporation has forward contracts for the pricing of 50,000 ounces of its mine-based palladium production at U.S.$645 per ounce during 2001. The unrealized loss on these contracts at December 31, 2000 is approximately $21.7 million.

Falconbridge's risk management policy provides for the limited use of financial instruments for discretionary trading purposes. However, Falconbridge normally does not acquire, hold or issue derivative financial instruments for trading purposes.

The fair value of Falconbridge's primary financial instruments, including cash and cash equivalents, accounts and metals settlements receivable, and accounts payable and accrued charges approximates their carrying value due to the short-term nature of these instruments. The fair value of the long-term debt and interest rate swaps is disclosed in note 6.

Falconbridge does not consider the credit risk associated with its financial instruments to be significant. Foreign currency and interest rate swap contracts are maintained with high quality counterparties and Falconbridge does not anticipate that any counterparties will fail to meet their obligation. Falconbridge does not have significant exposure to any individual customer and these risks are further managed through a highly effective credit management program. Falconbridge's policy is to enter into short-term investments in high quality debt obligations.

Falconbridge is exposed to interest rate risk as a result of its issuance of debt. Falconbridge reduces its borrowing costs and hedges its exposure to interest rate risk through the use of interest rate swaps and interest rate swap options, the details of which are disclosed in note 6.

15. Related party transactions

At December 31, 2000, Noranda Inc. (Noranda) owned, directly and indirectly, approximately 54.9% of the common shares of the Corporation. Falconbridge has entered into an agreement with a subsidiary of Noranda, whereby it acts as sales agent for all products, other than sulphuric acid and indium, produced at Falconbridge's Kidd Creek Operations. In 1998 Noranda DuPont LLC was formed between E.I. duPont de Nemours and Company, Noranda and Falconbridge to market, transport and distribute sulphuric acid in North America. Falconbridge has entered into an exclusive supply agreement with Noranda DuPont LLC which will purchase and resell all of Falconbridge's output of sulphuric acid. Accounts receivable, in the consolidated statements of financial position, includes $38.9 million (1999 – $89.9 million) receivable from Noranda relating to amounts being collected by Noranda under its agreements with Falconbridge and $7.6 million from purchases of material by Noranda. Falconbridge also has agreements with various other Noranda group companies for the purchase of custom feeds; the toll treatment of copper concentrates, blister copper and refinery slimes; and the sale of metals. The agreements with Noranda group companies are negotiated in the best interest of Falconbridge, on an arms length basis at market terms.

The following table details related party production and marketing transactions with Noranda Group Companies:

	YEAR ENDED DECEMBER 31, 2000	1999
Sale of materials to Noranda (a)	**$ 87,835**	$ 85,566
Sale of technology to Noranda (a)	**–**	5,439
Purchase of materials from Noranda (b)	**9,062**	7,205
Smelting and refining fees paid to Noranda for treating copper and precious metals bearing materials (b)	**649**	3,209
Commissions and agency fees paid to Noranda (c)	**1,428**	1,470
Fees paid to Noranda DuPont LLC (a)	**10,561**	6,725
Research and development fees paid to Noranda (b)	**288**	1,461
Other (a), (b), (d)	**6,741**	4,319

Included in the Corporation's Consolidated Financial statements in (a) Revenues; (b) Cost of metal and other product sales; (c) Selling, general and administrative expenses; (d) Interest and other (income)/expenses, net.

16. Commitments and contingencies

(a) The Corporation has received an exemption granted by the Ontario government, until December 31, 2009, from a requirement to refine in Canada ores mined from certain properties of the Corporation in Ontario. This exemption is limited to the quantity of nickel-copper matte capable of yielding not more than 100,000,000 pounds of refined nickel per year.

(b) Falconbridge is involved in various legal actions in the course of business. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material adverse effect on Falconbridge's financial position or results.

17. Comparative amounts

Certain of the comparative figures have been restated to conform to the current year's presentation.

Ten-Year Review

(UNAUDITED)	2000	1999	1998
REVENUES AND EARNINGS (LOSS) ($ THOUSANDS, EXCEPT PER SHARE DATA)			
Revenues	**2,614,596**	2,173,479	1,673,756
Operating income (loss)	**523,388**	257,201	(20,000)
Earnings (loss) for the year	**368,273**	153,097	(36,398)
– per common share (notes 1,2)	**2.01**	0.80	(0.24)
EARNINGS (LOSS) CONTRIBUTIONS ($ THOUSANDS)			
Principal operations –			
Integrated Nickel Operations (INO)	**302,669**	130,022	9,267
Kidd Creek Operations	**34,933**	32,278	56,687
Corporate costs, net –			
Interest, net	**(32,078)**	(38,085)	(58,518)
Other (notes 3,4)	**(109,226)**	(47,390)	(95,083)
Income and mining taxes (expense)/credit	**31,628**	6,454	45,700
Principal operations contribution (loss)	**227,926**	83,279	(41,947)
Falconbridge Dominicana, C. por A.	**46,141**	17,781	5,549
Collahuasi	**94,206**	52,037	–
Other (note 5)	**–**	–	–
Earnings (loss)	**368,273**	153,097	(36,398)
Dividends on preferred shares	**11,795**	11,621	6,803
Earnings (loss) attributable to common shares	**356,478**	141,476	(43,201)
FINANCIAL POSITION AND SHAREHOLDERS' DATA ($ THOUSANDS, EXCEPT PER SHARE DATA)			
Total assets	**4,809,995**	4,737,044	4,798,741
Working capital	**639,891**	527,139	425,434
Property, plant and equipment, net	**3,663,646**	3,665,656	3,931,841
Long-term debt	**1,462,012**	1,575,047	1,725,639
Shareholders' equity	**2,346,964**	2,394,876	2,318,040
– per common share	**12.14**	12.41	12.01
Dividends per common share	**0.40**	0.40	0.40
Number of common shares issued at end of year (THOUSANDS)	**176,977**	176,971	176,968
EXPLORATION, RESEARCH AND PROCESS DEVELOPMENT ($ THOUSANDS)			
Exploration	**45,815**	34,654	38,648
Research and process development	**27,971**	14,435	14,480
CASH FLOW AND CAPITAL EXPENDITURES ($ THOUSANDS)			
Cash provided by (used in) – operating activities	**657,350**	349,053	176,926
– financing activities	**(235,820)**	(127,539)	542,094
– investing activities	**(272,577)**	(219,834)	(748,917)
Cash provided (used) during the year	**148,953**	1,680	(29,897)
Net cash position, end of year	**250,438**	101,485	99,805
Capital expenditures – Sudbury Operations	**40,974**	40,457	65,587
– Raglan (note 6)	**47,124**	12,025	30,528
– Nikkelverk refinery	**10,321**	13,698	36,459
– Kidd Creek Operations	**66,790**	36,191	52,406
– Collahuasi	**20,729**	23,357	434,855
– Consolidated total	**220,565**	148,086	647,256
METAL SALES (TONNES, EXCEPT PRECIOUS METAL REVENUES AND SILVER)			
INO (note 7) – Nickel	**61,879**	75,000	69,570
– Copper	**43,538**	66,482	63,757
– Cobalt	**2,614**	3,529	3,483
– Precious metal revenues ($ THOUSANDS)	**153,317**	111,009	82,194
Kidd Creek Operations (note 7) – Zinc (INCLUDING METAL IN CONCENTRATE)	**138,224**	135,219	142,753
– Copper (INCLUDING METAL IN CONCENTRATE)	**105,589**	92,145	109,492
– Silver (THOUSANDS OF OUNCES)	**2,097**	3,473	4,143
Collahuasi – Copper (INCLUDING METAL IN CONCENTRATE)	**197,659**	175,015	–
Nickel in ferronickel	**28,220**	22,597	28,053
NUMBER OF EMPLOYEES	**6,234**	6,377	6,654

Notes:

1. See note 10(c) to the consolidated financial statements.
2. Prior to 1994 the number of shares outstanding is based on the amount outstanding prior to the 1994 Initial Public Offering.
3. Other corporate costs include general and administrative and exploration expenditures, foreign exchange gains or losses on U.S. dollar debt, and other sundry expenses.

1997	1996	1995	1994	1993	1992	1991
2,092,597	2,145,003	2,323,608	1,960,335	1,432,953	1,650,780	1,745,338
254,464	327,246	571,834	348,115	67,281	263,962	242,418
137,047	247,926	333,222	131,252	(44,462)	74,694	71,069
0.75	1.40	1.89	0.94	(0.44)	0.75	0.71
184,014	252,228	344,123	250,603	69,930	132,385	204,056
91,170	64,216	160,201	78,209	9,713	125,963	78,905
(38,649)	(21,404)	(13,314)	(53,033)	(85,049)	(104,859)	(151,941)
(103,474)	(1,002)	(105,534)	(119,636)	(91,808)	(93,678)	(93,729)
(32,316)	(93,878)	(118,693)	(61,555)	32,694	(10,751)	2,485
100,745	200,160	266,783	94,588	(64,520)	49,060	39,776
36,302	47,766	66,572	36,806	19,631	26,052	30,027
–	–	–	–	–	–	–
–	–	(133)	(142)	427	(418)	1,266
137,047	247,926	333,222	131,252	(44,462)	74,694	71,069
4,125	–	–	–	–	–	–
132,922	247,926	333,222	131,252	(44,462)	74,694	71,069
4,313,907	3,595,248	3,309,130	2,901,903	2,536,939	2,764,733	2,768,679
479,085	696,470	928,805	640,903	153,157	329,068	384,536
3,398,993	2,535,308	2,068,060	1,850,222	1,911,040	1,986,733	1,989,635
1,136,363	636,809	619,801	473,389	1,627,466	1,765,360	1,839,147
2,320,015	2,180,843	2,001,849	1,732,602	240,792	285,052	204,453
12.66	12.32	11.32	9.82	–	–	–
0.40	0.40	0.40	–	–	–	–
176,968	176,946	176,848	176,487	100,000	100,000	100,000
42,386	49,424	38,686	30,529	23,600	34,434	50,068
13,651	10,926	10,860	10,533	8,780	11,091	11,499
391,775	540,377	554,230	329,044	188,149	306,891	226,267
455,571	(69,739)	(16,980)	48,007	(188,698)	(165,479)	(35,550)
(1,034,459)	(618,089)	(380,532)	(101,332)	(75,968)	(159,655)	(228,302)
(187,113)	(147,451)	156,718	275,719	(76,517)	(18,243)	(37,585)
129,702	316,815	464,266	307,548	31,829	108,346	126,589
109,197	105,577	70,095	40,113	25,046	80,366	109,016
225,546	253,432	79,566	2,499	3,007	11,376	27,615
71,335	35,783	14,606	16,606	4,928	16,372	18,495
56,498	50,335	40,185	19,534	32,064	36,745	52,960
521,854	212,273	33,634	15,376	13,116	6,786	–
1,023,962	686,404	251,017	102,441	85,606	157,599	220,911
68,073	70,172	60,752	67,635	59,876	54,173	54,762
69,142	70,193	67,247	74,374	58,794	52,968	58,046
3,204	3,011	2,571	2,829	2,110	1,914	1,986
63,615	51,250	82,758	74,418	49,929	42,673	68,085
128,029	140,017	140,302	145,924	145,218	143,394	160,988
102,087	91,173	92,267	99,983	117,301	131,024	132,309
2,512	3,925	3,743	3,414	3,962	4,308	5,546
–	–	–	–	–	–	–
32,425	30,600	30,410	32,110	26,679	25,179	27,639
6,833	6,574	6,337	6,302	6,519	8,115	8,510

4. The 1996 amount includes the recognition of net proceeds from Diamond Fields Resources Inc. due to the non-completion of the proposed merger ($86.2 million), a dilution gain on the issue of shares by Collahuasi ($36.1 million), and other provisions ($14.0 million).
5. Relates to operations sold in prior years.
6. After deducting government grants and refundable credits on Quebec mining duties of $8,000,000, $7,024,000, $3,322,000, $5,885,000 and $6,959,000 in 1998, 1997, 1996, 1995 and 1994, respectively.
7. Includes metals refined and sold as agent and metals purchased for resale.

Consolidated Results – 2000 and 1999 by Quarters

(UNAUDITED)	1ST QTR.	2ND QTR.	2000 3RD QTR.
OPERATIONS (THOUSANDS, EXCEPT PER SHARE DATA)			
REVENUES	$ 666,623	$ 753,573	$ 604,915
OPERATING EXPENSES			
Costs of metal and other product sales	379,877	424,191	390,753
Selling, general and administrative	28,226	30,323	30,195
Development and preproduction	20,296	18,238	15,378
Depreciation and depletion	52,684	54,348	55,324
Exploration	7,999	12,429	14,133
Research and process development	4,172	5,699	5,674
	493,254	545,228	511,457
OPERATING INCOME (LOSS)	173,369	208,345	93,458
Interest on long-term debt and debt expense	29,094	30,791	32,613
Interest and other (income)/expenses, net	(6,784)	1,389	(9,514)
	22,310	32,180	23,099
Earnings (loss) before taxes and non-controlling interest	151,059	176,165	70,359
Income and mining taxes	39,383	46,565	(22,766)
Non-controlling interest in earnings of subsidiaries	2,185	3,294	1,502
EARNINGS (LOSS) FOR THE PERIOD	109,491	126,306	91,623
Dividends on preferred shares	2,931	2,931	2,931
EARNINGS (LOSS) ATTRIBUTABLE TO COMMON SHARES	$ 106,560	$ 123,375	$ 88,692
EARNINGS (LOSS) PER COMMON SHARE (NOTE 1)	$ 0.60	$ 0.70	$ 0.50
Weighted average number of shares outstanding (THOUSANDS)	176,975	176,977	176,977
EARNINGS (LOSS) CONTRIBUTIONS (THOUSANDS)			
Principal operations –			
Integrated Nickel Operations (INO)	$ 115,879	$ 131,065	$ 38,260
Kidd Creek Operations	7,077	17,810	10,709
Corporate costs, net –			
Interest, net	(8,535)	(8,319)	(7,599)
Other (note 2)	(17,647)	(35,968)	(26,548)
Income and mining taxes (expense)	(18,643)	(17,643)	41,396
Principal operations contribution	78,131	86,945	56,218
Falconbridge Dominicana, C. por A.	12,641	19,053	8,685
Collahuasi	18,719	20,308	26,720
EARNINGS (LOSS) FOR THE PERIOD	109,491	126,306	91,623
Dividends on preferred shares	2,931	2,931	2,931
EARNINGS (LOSS) ATTRIBUTABLE TO COMMON SHARES	$ 106,560	$ 123,375	$ 88,692
EARNINGS (LOSS) PER COMMON SHARE (NOTE 1)	$ 0.60	$ 0.70	$ 0.50
METAL SALES (TONNES, EXCEPT PRECIOUS METAL REVENUES AND SILVER)			
INO – Nickel	17,221	17,166	13,756
– Copper	12,405	15,701	9,922
– Precious metal revenues (THOUSANDS)	$ 45,567	$ 55,722	$ 16,405
Kidd Creek – Zinc (INCLUDING METAL IN CONCENTRATE)	39,132	36,182	31,964
– Copper (INCLUDING METAL IN CONCENTRATE)	15,947	30,046	30,076
– Silver (THOUSANDS OF OUNCES)	621	634	303
Nickel in ferronickel	7,544	7,176	6,305
Collahuasi – Copper (INCLUDING METAL IN CONCENTRATE)	44,619	46,960	54,287
AVERAGE PRICES REALIZED (U.S.$ PER POUND, EXCEPT SILVER)			
Nickel	$ 4.21	$ 4.55	$ 3.85
Ferronickel	3.96	4.58	3.74
Copper	0.82	0.80	0.87
Zinc	0.56	0.55	0.57
Silver (per ounce)	5.44	4.80	5.04
EXCHANGE RATE BEFORE HEDGE (US$1=CDN$)	$ 1.45	$ 1.48	$ 1.48
EXCHANGE RATE AFTER HEDGE (US$1=CDN$)	$ 1.46	$ 1.49	$ 1.49

Notes:

1. See note 10(c) to the consolidated financial statements.
2. Other corporate costs include general and administrative and exploration expenditures, foreign exchange gains or losses on U.S. dollar debt and other expenses.

				1999		
4TH QTR.	YEAR	1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.	YEAR
$ 589,485	**$ 2,614,596**	$ 437,769	$ 529,356	$ 544,950	$ 661,404	$ 2,173,479
409,767	**1,604,588**	334,322	362,716	366,103	406,383	1,469,524
33,328	**122,072**	24,876	27,717	24,253	27,727	104,573
17,650	**71,562**	20,409	18,961	19,938	22,185	81,493
56,844	**219,200**	52,578	54,019	55,299	49,703	211,599
11,254	**45,815**	6,485	8,382	12,165	7,622	34,654
12,426	**27,971**	3,347	3,407	3,318	4,363	14,435
541,269	**2,091,208**	442,017	475,202	481,076	517,983	1,916,278
48,216	**523,388**	(4,248)	54,154	63,874	143,421	257,201
31,814	**124,312**	29,393	27,785	29,969	29,676	116,823
(14,908)	**(29,817)**	(12,458)	(12,856)	(11,808)	(10,213)	(47,335)
16,906	**94,495**	16,935	14,929	18,161	19,463	69,488
31,310	**428,893**	(21,183)	39,225	45,713	123,958	187,713
(10,539)	**52,643**	(12,188)	7,499	7,793	28,438	31,542
996	**7,977**	(732)	845	1,343	1,618	3,074
40,853	**368,273**	(8,263)	30,881	36,577	93,902	153,097
3,002	**11,795**	2,828	2,931	2,931	2,931	11,621
$ 37,851	**$ 356,478**	$ (11,091)	$ 27,950	$ 33,646	$ 90,971	$ 141,476
$ 0.21	**$ 2.01**	$ (0.06)	$ 0.16	$ 0.19	$ 0.51	$ 0.80
176,977	**176,976**	176,968	176,969	176,971	176,971	176,969
$ 17,465	**$ 302,669**	$ (5,551)	$ 19,468	$ 31,449	$ 84,656	$ 130,022
(663)	**34,933**	3,926	18,786	(5,105)	14,671	32,278
(7,625)	**(32,078)**	(9,259)	(9,152)	(10,340)	(9,334)	(38,085)
(29,063)	**(109,226)**	(11,889)	(10,582)	(13,338)	(11,581)	(47,390)
26,518	**31,628**	11,078	1,821	9,991	(16,436)	6,454
6,632	**227,926**	(11,695)	20,341	12,657	61,976	83,279
5,762	**46,141**	(4,236)	4,890	7,768	9,359	17,781
28,459	**94,206**	7,668	5,650	16,152	22,567	52,037
40,853	**368,273**	(8,263)	30,881	36,577	93,902	153,097
3,002	**11,795**	2,828	2,931	2,931	2,931	11,621
$ 37,851	**$ 356,478**	$ (11,091)	$ 27,950	$ 33,646	$ 90,971	$ 141,476
$ 0.21	**$ 2.01**	$ (0.06)	$ 0.16	$ 0.19	$ 0.51	$ 0.80
13,736	**61,879**	18,335	19,192	16,969	20,504	75,000
5,510	**43,538**	18,010	16,533	13,002	18,937	66,482
$ 35,623	**$ 153,317**	$ 24,518	$ 24,610	$ 32,471	$ 29,410	$ 111,009
30,946	**138,224**	38,104	35,678	27,335	34,102	135,219
29,520	**105,589**	24,661	28,037	19,251	20,196	92,145
539	**2,097**	810	1,143	1,023	497	3,473
7,195	**28,220**	1,119	6,494	7,493	7,491	22,597
51,793	**197,659**	41,886	45,864	43,654	43,611	175,015
$ 3.59	**$ 4.09**	$ 2.13	$ 2.44	$ 2.91	$ 3.57	$ 2.78
3.61	**3.98**	1.97	2.38	2.71	3.42	2.81
0.85	**0.84**	0.64	0.70	0.80	0.82	0.74
0.54	**0.55**	0.50	0.52	0.56	0.58	0.54
4.87	**5.03**	5.30	5.26	5.25	5.67	5.34
$ 1.52	**$ 1.48**	$ 1.51	$ 1.48	$ 1.49	$ 1.47	$ 1.49
$ 1.51	**$ 1.49**	$ 1.48	$ 1.47	$ 1.48	$ 1.48	$ 1.48

Corporate Governance Practices

Introduction
Falconbridge Limited's Board of Directors believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The governance of the Corporation is the responsibility of Falconbridge's Board of Directors and six committees of the Board; the Audit Committee, the Corporate Governance and Nominating Committee, the Environment, Safety and Health Committee, the Human Resources and Compensation Committee, the Independent Directors' Committee, and the Pension Investment Committee.

Board Mandate
The Board is responsible for supervising the management of the business and affairs of Falconbridge and to act with a view to the best interests of the Corporation.

The Board assumes the following stewardship responsibilities: the adoption of a strategic planning and budgeting process; the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks; succession planning, including appointing, training and monitoring senior management; a communications policy for the Corporation; and, the integrity of the Corporation's internal control and management information systems.

Shareholder Feedback
The Board believes that management should speak for the Corporation in its communications with its shareholders. Falconbridge has an investor relations department that is dedicated to working closely with members of the investment community, institutional investors and individual shareholders. Shareholders receive timely dissemination of information and the Corporation has procedures in place to obtain and respond to feedback from its shareholders. The Board reviews Falconbridge's major communications with shareholders and the public including quarterly press releases, the annual management information circular and the annual report.

Expectations of Management
The Board believes that management is responsible for the development of long-term strategies for the Corporation. Special meetings of the Board of Directors are held from time to time to deal with long-term strategies of the Corporation. The Board appreciates the value of having selected senior officers attend board meetings to provide information and opinions to assist the directors in their deliberations.

Falconbridge's full statement of corporate governance practices can be found in the 2000 Management Information Circular. For a copy, contact our Corporate Secretary's department at (416) 956-5741.

Board of Directors

Alex Balogh,
Chairman of the Board,
Falconbridge Limited.
Deputy Chairman,
Noranda Inc.
Corporate Director.
Appointed 1989. *2, 4*

Jack Cockwell,
President and Chief
Executive Officer,
Brascan Corporation.
Appointed 1995. *4*

David Goldman,
Executive Vice President and
Chief Operating Officer,
Noranda Inc.
Appointed 1998. *3, 6*

Robert Harding,
Chairman,
Brascan Corporation.
Appointed 2000. *1, 3, 6*

Øyvind Hushovd,
President and
Chief Executive Officer,
Falconbridge Limited.
Appointed 1996. *7*

David Kerr,
President and
Chief Executive Officer,
Noranda Inc.
Appointed 1989. *2, 4*

Edmund King,
Deputy Chairman,
McCarvill Corporation.
Appointed 1994. *2, 5, 6*

Neville Kirchmann,
President and
Chief Executive Officer,
The Princess Margaret
Hospital Foundation.
Appointed 1997. *1, 4, 5*

Mary Mogford,
Corporate Director
and Partner,
Mogford Campbell
Associates Inc.
Appointed 1995. *1, 3, 5*

David Race,
Corporate Director.
Appointed 1994. *1, 3, 5*

James Wallace,
President, Pioneer
Construction, Inc.
Appointed 2001.

Committees
1. Audit Committee
2. Corporate Governance and Nominating Committee
3. Environment, Safety and Health Committee
4. Human Resources and Compensation Committee
5. Independent Directors' Committee
6. Pension Investment Committee
7. Ex-officio non-voting member on all committees

Corporate Directory

Falconbridge Limited
Suite 1200
95 Wellington Street West
Toronto, Ontario, Canada
M5J 2V4
Telephone: (416) 956-5700
Fax: (416) 956-5757

Marketing and Sales Subsidiaries and Offices

Falconbridge Europe S. A.
Avenue Lloyd George 7,
Box 2
B – 1000 Brussels, Belgium
Telephone: (32-2) 401-8200
Fax: (32-2) 401-8201
John Smillie, President

Falconbridge (Japan) Ltd.
Nihonbashi First Building 8F
2-19, Nihonbashi 1-Chome
Chuo-ku, Tokyo 103, Japan
Telephone: (81-3) 3272-0900
Fax: (81-3) 3272-0901
Toshiaki Oiwa, President

Falconbridge U.S. Inc.
Twin Towers – Suite 245
4955 Steubenville Pike
Pittsburgh, Pennsylvania
U.S.A. 15205-9604
Telephone: (412) 787-0220
Fax: (412) 787-0287
James Moore, President

Custom Feed

Falconbridge International
Limited
Suite 201, Stevmar House
Rockley, Christ Church,
Barbados
Telephone: (246) 435-9969
Fax: (246) 435-9978
Donald Sanderson, President

Falconbridge International S.A.
Avenue Lloyd George 7, Box 2
B – 1000 Brussels, Belgium
Telephone: (32-2) 401-8330
Fax: (32-2) 401-8331
Michael McSorley, Chairman

Operating Divisions and Subsidiaries

Sudbury Mines/Mill
Onaping, Ontario
P0M 2R0
Telephone: (705) 966-3411
Fax: (705) 966-6544
Allen Hayward
Vice President & General
Manager

Sudbury Smelter
Falconbridge, Ontario
P0M 1S0
Telephone: (705) 693-2761
Fax: (705) 699-3932
Brent Chertow
Vice President & General
Manager

Kidd Mining Division
Postal Bag 2002
Timmins, Ontario P4N 7K1
Telephone: (705) 264-5200
Fax: (705) 267-8709
Dan Gignac
General Manager

Kidd Metallurgical Division
Postal Bag 2002
Timmins, Ontario P4N 7K1
Telephone: (705) 235-8121
Fax: (705) 235-7318
Claude Ferron
General Manager

Falconbridge Nikkelverk A/S
Serviceboks 604
N-4606 Kristiansand South,
Norway
Telephone: 47-38-10-10-10
Fax: 47-38-10-10-11
Edward Henriksen,
Managing Director

Falconbridge Dominicana,
C. por A.
Bonao, Dominican Republic
Telephone: (809) 682-6041
Fax: (809) 221-8423
Enrique Lithgow
President & General Manager

Société minière Raglan du
Québec ltée
120, avenue de l'Aéroport
Rouyn-Noranda, Quebec
J9X 5B7
Telephone: (819) 762-7800
Fax: (819) 797-0531
Al Giroux
Manager, Raglan Operations

Exploration Offices

North America

21C Murray Park Road
Winnipeg, Manitoba R3J 3S2
Telephone: (204) 888-9860
Fax: (204) 885-4152
Dean MacEachern
Regional Geologist

Technology Centre
P.O. Box 40
Falconbridge, Ontario
P0M 1S0
Telephone: (705) 693-2761
Fax: (705) 699-3600
Anthony Green
Manager of Exploration,
Canadian Nickel Operations

P.O. Bag 2002
Timmins, Ontario P4N 7K1
Telephone: (705) 264-5200
Fax: (705) 267-8996
Damien Duff
Manager of Geology,
Timmins Region

3296, Avenue Francis-Hugues
Laval, Québec
H7L 5A7
Telephone: (450) 668-2112
Fax: (450) 668-2929
James Robertson
Regional Exploration
Manager
North America & Greenland

International

Falconbridge (Australia)
Pty. Limited
Exploration Division
57 Coronation Drive
Level 3, Suite A
Brisbane QLD 4000
Australia
Telephone: (617) 3238-2300
Fax: (617) 3236-5717
Roger Billington
Manager, Laterite Exploration

Falconbridge Ventures of
Africa (Pty.) Ltd.
PO Box 12708
Hatfield 0028
Pretoria
South Africa
Telephone: 27(12) 348-2182
Fax: 27(12) 348-2117
John Blaine,
Regional Exploration
Manager, Africa

Falconbridge East Limited
Representative Office
Mosfilmovskaya 54, Korp
B, kv. 52
119590 Moscow
Russia
Telephone: (7-502) 226-11-10
Fax: (7-502) 226-11-01
Andrei Sliouniaev,
Regional Geologist

Falconbridge Brasil Ltda.
Avenida Fernando Matos 300,
gr. 306
Barra da Tijuca, Rio de
Janeiro, RJ
Brasil
CEP 22621-090
Telephone: 55 (21) 495-0295
Fax: 55 (21) 495-1768
Paul Nagerl,
Regional Geologist

SUBSIDIARIES, PROJECT OFFICES AND ASSOCIATED COMPANIES

Compañia Minera Doña
Inés de Collahuasi S.C.M.
Av. Andrés Bello 2687,
Piso 11
Las Condes-Casilla 180
Santiago, Chile
Telephone: (56-2) 362-6500
Fax: (56-2) 362-6562
Diego Hernandez,
Chief Executive Officer

Falconbridge Chile S.A.
Av. 11 de Septiembre 2353
Torre San Ramon, Piso 10
Providencia
Santiago, Chile
Telephone: (56-2) 233-6670
Fax: (56-2) 231-5237
Michel Dufresne,
General Manager

Falconbridge Nouvelle
Calédonie SAS
9 rue Austerlitz, 6e étage
BP MGA 08
Nouméa Cedex 98802
Nouvelle Calédonie
Telephone: (687) 246-040
Fax: (687) 246-049
Bruce Dumville
Project Director

Falconbridge (Australia)
Pty Ltd.
Suite 701, Level 7
Toowong Tower -
9 Sherwood Road
Toowong, Queensland, 4066
Australia
Tel: (617) 3721-4222
Koniambo Fax: (617) 3871-1379
Gag Island Fax: (617) 3871-0584
Brian Hill,
Managing Director

OFFICERS AND SENIOR MANAGEMENT

Alex Balogh
Chairman of the Board

Øyvind Hushovd
President &
Chief Executive Officer

Lars-Eric Johansson
Senior Vice President &
Chief Financial Officer

Warren Holmes
Senior Vice President
Canadian Mine Operations

Brent Chertow
Vice President &
General Manager
Sudbury Smelter
Business Unit

Michel Dufresne
General Manager
Falconbridge Chile S.A.

Claude Ferron
General Manager
Kidd Metallurgical Division

Dan Gignac
General Manager
Kidd Mining Division

Al Giroux
Manager
Raglan Operations

Anthony Hannaford
Vice President
Metallurgical Technology

Allen Hayward
Vice President &
General Manager
Sudbury Mines/
Mill Business Unit

Edward Henriksen
Managing Director
Falconbridge Nikkelverk A/S

John Keenan
Vice President
Human Resources

Joseph Laezza
Vice President
Marketing, Sales & Custom
Materials

Enrique Lithgow
President & General Manager
Falconbridge Dominicana,
C. por A.

Michael McSorley
Chairman
Falconbridge International
S.A.

Thomas Pugsley
Vice President
Projects & Engineering

Paul Severin
Vice President
Exploration

Jeffery Snow
Vice President
Legal

Robert Telewiak
Vice President
Environment

Michael Young
Vice President
Business Development

Robert Burrow
Controller

Dean Chambers
Treasurer

George Gordon
Secretary & Assistant
General Counsel

Patrice Lafrance
Assistant Secretary

Lloyd Dunham
Director
Information Systems

STOCK EXCHANGE LISTING

Toronto, Trade Symbol: FL (Common Shares), FL.PR.A (Preferred Shares Series 2)

INDEX LISTING

TSE 60, TSE 300, TSE Metals & Minerals Index

OUTSTANDING SHARES (MILLIONS)

December 31, 2000	
Common Shares	177.0
Preferred Shares Series 1	0.1
Preferred Shares Series 2	7.9

ANNUAL DIVIDEND PER SHARE

Common Shares	40¢
Preferred Shares Series 1	8¢
Preferred Shares Series 2	$1.4688

FALCONBRIDGE DIVIDEND POLICY

Falconbridge views common share dividends as an important part of a shareholder's return on investment. As a result, it tries to pay a common share dividend at all points of the economic cycle, as long as the payment does not impair the Corporation's financial position. It is expected that the common share dividend will increase or decrease to reflect the Corporation's operating results and financial position.

The preferred shares of each series issued by the Corporation rank in priority to the common shares with respect to the payment of dividends.

AUDITORS

Deloitte & Touche LLP
Toronto, Ontario

ANNUAL MEETING

The annual meeting of the shareholders will be held on April 18, 2001 at the Design Exchange, Trading Floor, 234 Bay Street, Toronto at 11 a.m.

SHAREHOLDER INQUIRIES

For information regarding dividend cheques, share certificates, stock transfers etc., please contact:
Computershare Trust Company of Canada
Telephone: 1-800-663-9097 or (416) 981-9633
Fax: (416) 981-9507

INVESTOR AND ANALYST INQUIRIES

Marguerite Manshreck-Head
Director, Investor Relations
Telephone: (416) 956-5765
Invest@Falconbridge.com

GENERAL AND MEDIA INQUIRIES

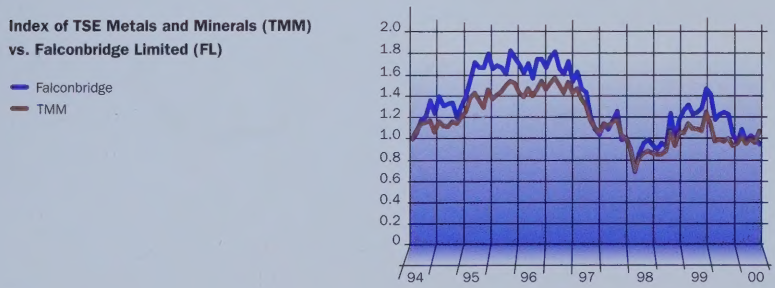
Caroline Casselman
Director, Communications & Public Affairs
Telephone: (416) 956-5781
CorpCom@Falconbridge.com

Falconbridge is on the worldwide web. We encourage you to browse our site to learn more about Falconbridge and the mining industry. Log on at www.falconbridge.com

VERSION FRANÇAISE

La version française du rapport annuel sera fournie sur demande.

INDEX OF TSE METALS AND MINERALS (TMM) VS. FALCONBRIDGE LIMITED (FL)



SHARE TRADING INFORMATION

TORONTO STOCK EXCHANGE FL.TO

	QUARTER	COMMON SHARE VOLUME (MILLIONS)	HIGH	LOW
2000	**First**	**21**	**$ 27.00**	**$ 18.05**
	Second	**22**	**25.10**	**17.45**
	Third	**23**	**19.75**	**16.15**
	Fourth	**31**	**18.60**	**15.55**
1999	First	22	$ 19.50	$ 14.75
	Second	25	22.35	15.50
	Third	16	25.50	20.50
	Fourth	13	26.30	20.00

Design: New Region Design; Principal photography: Graeme Oxby and Louie Palu; Printed in Canada


strength is performance
FALCONBRIDGE LIMITED
95 Wellington West
Suite 1200
Toronto, Ontario
M5J 2V4
Phone (416) 956-5700
www.falconbridge.com
corpcom@falconbridge.com